

Stock code: 4527



# 2025 Annual Report



## Notice to readers

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

*Printed and Published on May 2, 2026*

*Annual report inquiry URL: <http://www.mops.twse.com.tw>*

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## One. Letter to Shareholders

Dear valued shareholders,

Reviewing 2025, Taiwan's economy performed strongly, with growth mainly fueled by trade and investment. This was largely due to the effects of U.S. tariffs and China's intense domestic competition, which suppressed exports of traditional industries and automobile sales. However, an increase in U.S. investment in artificial intelligence (AI) boosted Taiwan's equipment investment and merchandise exports, making the technology sector the main driver of growth. Head leading domestic chipmakers and semiconductor companies actively expanded advanced process capabilities and high-end packaging and testing, driving increased investment across the entire supply chain. Ongoing increases in R&D investment further supported private sector momentum, resulting in better than expected investment performance in 2025.

Looking ahead to 2026, the global economy is expected to face numerous challenges, particularly regarding U.S. trade policies, China's industrial restructuring, the outlook for AI development, geopolitical conflicts, and climate change, all of which may increase cost pressures and require close attention.

Amid such uncertainties in the global political and economic environment, the Company will closely monitor market demand while enhancing overall competitiveness through product optimization and digital capabilities. It will also respond swiftly to evolving trade trends, continue to promote the integration of production resources through overseas investments, and actively seize opportunities in energy efficiency, thermal management, and energy management solutions. By developing sustainable products that contribute to ESG carbon neutrality goals to strengthen the Group's competitiveness and ensure sustainable profitability.

The summary report of the Group's business results for 2025 and business plan for 2026 is as follows:

## I. 2025 Operating Results

### (I) Business Plan Implementation Results

In the first half of 2025, Taiwan was affected by uncertainties arising from U.S. tariff policies, leading enterprises to adopt a more cautious stance toward export trade and investment planning. As a result, order shipments were delayed, and revenue declined by 21%. In the China region, continued regulatory adjustments due to overcapacity in industries such as steel and machinery, along with weak domestic demand, led to reduced private consumption and investment. Consequently, operating profit decreased by 73%, and cumulative profit before tax declined by 63% compared with the same period of the previous year. In the third quarter, adverse weather conditions in Taiwan caused delays in equipment deliveries and project progress, while reduced market demand in China further impacted performance. As a result, consolidated revenue decreased by 30% year-over-year. In the fourth quarter, smoother product shipments and project completions in Taiwan helped narrow the full-year revenue decline to 16% compared with the previous year. Due to increased orders for energy-saving, high-efficiency equipment and the realization of operational integration synergies, costs were reduced, leading to an improvement in the gross profit margin for the year. Overall revenue, operating expenses, and non-operating income and expenses all declined compared to the previous year, resulting in a decrease in profit before tax.

The Company hereby reports its operating results for 2025:

Net operating revenue amounted to NT\$3,067,330 thousand, a decrease of NT\$582,040 thousand from 2024, representing a 16% decline. Operating profit and profit before tax decreased by NT\$79,330 thousand and NT\$85,920 thousand, respectively.

### (II) Actual Implementation Status

Unit: NT\$ thousand

| Profit and loss items             | Actual amount | Budget amount | Amount of increase (decrease) | Achievement rate % |
|-----------------------------------|---------------|---------------|-------------------------------|--------------------|
| Operating revenue                 | 3,067,339     | 3,543,212     | (475,873)                     | 87%                |
| Operating costs                   | (2,259,706)   | (2,691,096)   | 431,390                       | 84%                |
| Gross profit                      | 807,633       | 852,116       | (44,483)                      | 95%                |
| Operating expenses                | (524,965)     | (539,168)     | 14,203                        | 97%                |
| Operating profit                  | 282,668       | 312,948       | (30,280)                      | 90%                |
| Non-operating income and expenses | 39,247        | 20,349        | 18,898                        | 193%               |
| Profit before tax                 | 321,915       | 333,297       | (11,382)                      | 97%                |

EPS

NT\$3.40

NT\$3.38

The main reasons for the differences in these subjects are as follows:

Net operating income: Affected by the global economic conditions and U.S. reciprocal tariffs, consumer demand declined, and the Group's overall market revenue fell short of expectations.

Gross profit: Mainly attributable to the favorable impact of an optimized sales mix in operating revenue, increasing the gross profit margin.

Operating expenses: Mainly due to a decrease in operating activities and net income.

Operating profit: Mainly due to the decline in revenue, which resulted in a decrease in gross profit.

Non-operating income (expense): Mainly attributable to an increase in rental income and other gains.

Profit before tax: Revenue and gross profit falling short of targets with unfavorable differences, along with positive differences in non-operating income.

### (III) Analysis of financial revenue and expenditure and profitability

#### 1. Analysis of financial revenue and expenditure

Unit: NT\$ thousand

| Profit and loss items                 | 2025        |      | 2024        |      | Amount of increase (decrease); % |      |
|---------------------------------------|-------------|------|-------------|------|----------------------------------|------|
|                                       | Amount      | %    | Amount      | %    | Amount                           | %    |
| Operating revenue                     | 3,067,339   | 100  | 3,649,379   | 100  | (582,040)                        | (16) |
| Operating costs                       | (2,259,706) | (74) | (2,741,530) | (75) | 481,824                          | (18) |
| Gross profit                          | 807,633     | 26   | 907,849     | 25   | (100,216)                        | (11) |
| Operating expenses                    | (524,965)   | (17) | (545,849)   | (15) | 20,884                           | (4)  |
| Operating profit                      | 282,668     | 9    | 362,000     | 10   | (79,332)                         | (22) |
| Non-operating income and expenses     | 39,247      | 1    | 45,839      | 1    | (6,592)                          | (14) |
| Profit before tax                     | 321,915     | 10   | 407,839     | 11   | (85,924)                         | (21) |
| Net income attributable to the parent | 258,550     | 8    | 319,549     | 9    | (60,999)                         | (19) |

## 2. Profitability analysis

| Item  | 2025 |
|---|------|
| Return on assets %                              | 7%   |
| Return on shareholders' equity%                 | 14%  |
| Ratio of operating profit to paid-in capital %  | 37%  |
| Ratio of profit before tax to paid-in capital % | 42%  |
| Profit margin %                                 | 8%   |
| Basic earnings per share (NT\$)                 | 3.40 |

### (IV) Research and development status:

In 2004, the Company obtained the exclusive use right of Danfoss Turbocor magnetic levitation centrifugal compressor, launched the magnetic levitation ice-water machine product to provide domestic users with multiple advantages such as energy efficiency, environmental protection, safety, reliability, comfort and tranquility, and opened the era of magnetic levitation centrifugal machine for domestic ice water machines.

Considering that the magnetic levitation centrifuge has the characteristics of high energy efficiency and high initial cost, it is the star product of ice water machines. In 2022, in the form of MOEAEA Industrial Energy Technology Program, Fusheng and Rhymebus jointly developed the special project of "Key Technology and Verification Plan for Double-segment Magnetic Levitation Centrifuge below 180RT." The Company is dedicated to developing single/double pressure magnetic levitation water chiller system products and technologies, and conducting performance test verification and introducing them into domestic field for demonstration purposes. The 1000RT domestically produced magnetic levitation centrifugal ice-water unit completed in 2023, with  $COP \geq 7.1$  and energy efficiency level 1. The most important thing is that it passed the test of the Industrial Technology Research Institute under the condition of "zero tolerance"; making it the first domestically-made 1000RT magnetic levitation centrifuge that passed such a rigorous test.

In response to the global net-zero carbon emission trend, there is a growing demand for high energy efficiency, restricted refrigerant usage, and lower operational carbon emissions. Recognizing this, the Company is committed to developing high-energy-efficiency systems, low-carbon refrigerants (low ODP and GWP), and thermal energy storage solutions. These innovations not only help customers and consumers save energy and reduce carbon emissions but also assist governments in stabilizing power grids, creating new business opportunities.

In 2024, the Company successfully developed a magnetic bearing chiller system utilizing R1234ze (GWP=1) low-global-warming-potential refrigerant and actively promoted R513A (GWP=573) eco-friendly refrigerant magnetic bearing chillers. Compared to the widely used R134a refrigerant (GWP=1,300) in the domestic chiller industry, the Company's environmentally friendly systems can significantly reduce greenhouse gas emissions, contributing to the achievement of sustainability goals.

As global demand for AI training and inference surges, data centers are experiencing unprecedented expansion. According to BloombergNEF (BNEF), data center power consumption is projected to reach 106 GW by 2035, nearly tripling from current levels. In response to this rapidly evolving energy demand curve, the efficiency of cooling systems has become a critical determinant of data center operations.

To address the need for dynamic and precision cooling in AI applications, the Company invested in 2025 in the development of a “Containerized Computing Center: InRow Chilled Water Rack Cooling System.” This solution is designed to tackle the thermal management challenges associated with high-density computing. By embedding cooling units within the rack rows, the system can precisely eliminate hotspots and features intelligent control capabilities that dynamically adjust energy output based on computing load. This modular design not only supports the rapid deployment of large-scale computing facilities but also enables operators to achieve enhanced energy efficiency and power savings through intelligent flow control, while maintaining optimal computing performance.

Development direction and focus of future research and development:

- (1) Development of energy saving products.
- (2) Application of low ODP and GWP.
- (3) Development of Data Center Cooling System Products.

Looking ahead, Taiwan’s electronics and ICT exports are expected to remain strong, supported by the continued expansion of AI applications and innovation in consumer electronics. However, traditional industries face constraints from U.S. tariff policies and intense competition in China, leading to more conservative order placements. Fortunately, semiconductor companies and the government will continue to invest actively in advanced manufacturing processes, AI infrastructure, and energy transition initiatives. At the same time, traditional industries are moving toward higher value-added transformation, enhancing product value and profitability while sustaining investment momentum. Increased investments by major international corporations in Taiwan, along with pressures from extreme climate conditions and carbon pricing, are accelerating corporate adoption of green energy and carbon reduction equipment.

Accordingly, the Company will accelerate the promotion of group integration to ensure the achievement of financial budget targets as scheduled. In terms of short- and medium-term development plans, the Company will continue to enhance resource integration synergies and implement cost-saving and revenue-enhancing measures. In addition to offering a comprehensive product portfolio of refrigeration and air-conditioning chiller systems, the Company will focus on competitive energy-efficient and environmentally friendly units, thermal energy storage and energy management services, and integrated cooling solutions for information and data applications. By leveraging sustainable products as the foundation for long-term development, it aims to contribute to a sustainable environment while maximizing value for shareholders.

## II. 2026 Business Plan Overview

### (I) Operating Policy

In the next year, in addition to continuing to integrate resources to improve competitive advantages, the Group has formulated the following operating policies:

1. Integrate marketing services based on strategic alliance relationship with major manufacturers and other channel management relationships.
2. Improve business performance, implement service and product development, develop cross-marketing, and increase profitability.
3. Effectively plan inventory management to reduce inventory pressure.
4. Strengthen intelligence control and conduct richer and more diversified marketing activities.
5. Provide high-quality customer service and maintenance ability, continuously improve technology, and timely solve customer problems.
6. Separate products and technical services, and operate OEM and own brands in parallel to establish a maintenance system and remote monitoring center.

### (II) Sales Volume Forecast and the Basis

| Product type | Estimated sales volume in 2026 | Unit |
|--------------|--------------------------------|------|
| Chiller Unit | 2,963                          | Sets |

Based on the estimates of overall production capacity and market demand contracts and orders this year, the Group estimates that the shipment volume in 2026 will increase compared with that in 2025, mainly due to the increase in the sales proportion of large energy-saving and efficient units.

Looking forward to the future, in order to implement the business philosophy of “pursuing excellence, sustainable operation, sincere care and professional service” and achieve the goal of being the number one Chinese brand, on the basis of successively obtaining the pressure vessel manufacturing license and ISO9001 certification, on the daily work the Group focuses on strengthening expense and cost control, establishing a personnel reserve mechanism, improving production, and continuing innovation and development of environmental protection and energy-saving products, in order to fulfill the social responsibilities of a global citizen to share the beautiful world of tomorrow.

### **(III) Key Production/Sales Policies**

1. Actively promote environmentally friendly refrigerant products and strengthen energy management service offerings.
2. Ensure advantages in quality, delivery, cost, and service.
3. Implement a diversified production and sales strategy that includes OEM, ODM, and own-brand products, with enhanced follow-up on individual projects.
4. Integrate resources from the Suzhou plant in China and the Vietnam plant to leverage economies of scale through specialized production and collaborative development across all three regions, while nurturing core competencies through company-wide training.
5. Expand channels in specialized industries (Petrochemical plants, industrial refrigeration, and environmental control systems for agriculture and aquaculture) as well as professional technician networks.
6. Deepen presence in Southeast Asian markets, focusing on the planning and manufacturing of turnkey refrigeration and cold storage systems.

### **(IV) Corporate Governance**

The Company has always been committed to establishing a sound corporate governance mechanism. In addition to complying with the provisions of relevant laws and regulations, the Company is committed to establishing an effective corporate governance framework, and supervising the operating performance of the management of the Company in terms of safeguarding the rights and interests of shareholders, treating all shareholders equally, strengthening the structure and operation of the Board of Directors, improving information transparency, safeguarding the rights and interests of stakeholders, and implementing corporate social responsibility.

Corporate Social Responsibility: Complies with labor and employment-related laws and regulations, with no incidents of discrimination complaints or forced labor violations in 2025. Apply talent development programs for outstanding students from various schools, continued sponsorship of public reading initiatives, donated to the Christian Ma Xile Social Welfare Foundation to provide people with disabilities opportunities for stable employment and independent living, and made donations to the Love and Spine Neuropathology Care Association. Through the experience of hundreds of doctors in various specialties treating patients with spinal cord-related neuropathy disorders, the Association provides medical professional and long-term care support to patients who can receive social and humane care, contributing to the care and well-being of citizens.

Stakeholders: Optimize the supply chain and improve the efficiency of resource use to serve as the basis of the Company's competitive edge. In addition to regular review and rolling adjustment of the supply chain portfolio, different management indicators will be used to connect the work objectives of various departments, so as to achieve the optimal use of resources.

### **III. Future Development Strategies**

In face of market competition and a volatile business environment, the global economic environment is still full of uncertainties, which still pose challenges to the prospects. However, although major economies such as the United States and China are facing some unfavorable factors for consumption and investment, the recovery of global merchandise trade is still optimistic and will push the recovery of the global economy. The Group remains positive and bravely accepts challenges. Future business development will strive towards the following goals:

1. Achieve excellent corporate governance and pursue sustainable business.
2. Maintain flexibility and improve the added value of products.
3. Actively expand the operation territory and become an all-round manufacturer.
4. Strengthen the scale of existing customers and ensure a sound business foundation.
5. Improve business profitability and create maximum shareholder value.

## **IV. Impact of External Competition, Legal and Overall Business Environment**

### **(I) Impact of External Competition Environment**

Global economic and trade activities continue to be affected by uncertainties such as geopolitical conflicts, inflation, interest rate hikes, and trade barriers, with global economic growth projected at 2.6%. Among these factors, U.S. trade policies, China's industrial restructuring, the outlook for artificial intelligence (AI), and climate change are particularly critical, contributing to an uncertain global economic outlook. However, supported by countries actively investing in AI infrastructure, demand for Taiwan's advanced semiconductor manufacturing and server-related supply chains remains strong. While future prospects remain uncertain, the continued expansion of emerging technologies and seasonal consumer demand may help sustain exports and consumption.

The Group is a professional manufacturer of refrigeration and air conditioning equipment. Under the pressure of low price competition and rising operating costs, the Company will operate with a professional, honest, pragmatic and innovative attitude, continue to strengthen internal management, strive to improve the products' energy efficiency and strictly control costs, so as to meet customers' maximum needs and improve the competitiveness of the Company.

### **(II) Impact of Regulatory Environment**

As the regulatory environment changes, the Group actively responds to the government's environmental protection policies and uses them as opportunities for innovation and market development. As the government actively promotes renewable and green energy, it also invests heavily in industrial and service industries to replace more efficient air-conditioning equipment to ensure economic development and overall industrial momentum. The Company has followed this trend and not only has high-efficiency chillers, high value-added heat recovery machines and composite hot and cold water machines, but also provides customers with more advantages through system integration, including mutually supporting main systems, retaining scalability, and heat recovery applied to defrost systems. These measures meet the government's requirements for high-efficiency air conditioning equipment and also provide customers with more energy-saving and environmentally friendly solutions.

In terms of regulations, the Company actively cooperates with the implementation of relevant laws and regulations. For example, regarding the restrictions on CFC refrigerants, alternative refrigerant units have launched and promoted in the market. In accordance with the provisions of the Energy Administration Act, high-efficiency energy-saving units have been developed as well, and all products comply with energy label certification. The Company also actively follows the requirements of the Climate Change Response Act and develops/launches low-GWP refrigerant units such as the R-32 and R-513A series to meet the goal of net-zero emissions in 2050.

Except product development, the Company has also strengthened the construction of the R&D department and established a database for central air conditioning and refrigeration machinery engineering design. This not only improves product quality and efficiency, but also enables the Company able to respond to market demand more faster, in line with government support for technological innovation and industrial upgrading.

In general, the Company keeps up with the requirements of environmental protection laws with a positive attitude, using them as a motivation to promote innovation and market development and integrates environmental awareness in every aspect of product development and business operations to achieve the goal of environmental protection and sustainable development.

### **(III) Impact of Overall Business Environment**

Driven by the continued expansion of AI applications and innovation in consumer electronics, along with a front-loading effect caused by uncertainties surrounding U.S. semiconductor tariff policies, Taiwan's exports of electronics and ICT products have performed strongly. However, traditional industries such as petrochemicals, steel, textiles, and transportation equipment have been squeezed by both U.S. tariff barriers and intense competition from China, resulting in weak global demand and generally conservative order placements, reflecting a clear divergence in industry conditions. Entering 2026, global economic challenges are becoming increasingly complex. In addition to U.S. trade policies and China's industrial adjustments, escalating geopolitical tensions—particularly instability in the Middle East triggered by U.S.-Iran conflicts—have led to sharp fluctuations in energy prices and heightened shipping risks. These developments not only intensify global inflationary pressures but also directly impact upstream supply chains, causing significant increases in the prices of key raw materials such as copper, iron, and steel, thereby raising procurement costs for the Group.

Meanwhile, extreme weather events, including high temperatures, droughts, and heavy rainfall, continue to disrupt food and energy supply, increasing economic uncertainty and driving up long-term structural costs such as infrastructure maintenance and insurance. Overall, the interaction between geopolitical and climate risks has become a critical factor affecting Taiwan's domestic demand, price levels, and export performance. In the face of both industry divergence and rising costs, the ability to anticipate market developments and implement flexible supply chain strategies will be a key indicator of operational resilience in 2026.

These uncertainties above are important uncertainties affecting the economic situation in 2026.

The Group will be committed to the research and development of products with high added value, expand the application scope of products to agriculture, forestry, fishery and animal husbandry, strictly control the budget, actively integrate the procurement of the three places on both sides of the Straits, and reduce the inventory to improve the financial structure, integrate the comprehensive effect of strategic alliances, continue to expand new customers, as well as maintain flexible order and contract awarding plans with customers and manufacturers, maintain market sensitivity, and reduce business risks in order to strengthen data collection to enable decision-making units to make the most correct judgment and ensure the rights and interests of shareholders.

Lastly, I would like to take this opportunity to thank our customers, shareholders and hard-working employees; I would like to express my sincerest thanks for your continuous and steadfast support.

I wish you

Good health and happy family life.

Chairman :Chung-Kuo Tseng

Manager :Chung-Kuo Tseng

Chief Accountant :Li-Ling Su

## Two. Corporate Governance Report

### I. Information on Directors, Supervisors, the General Manager, Deputy General Managers, Assistant Managers, Heads of Departments and Branches:

#### (I) Information on Directors and Supervisors

March 31, 2026; Unit: thousand shares; %

| Job title<br>(Note 1) | Nationality<br>or place of<br>registration | Name                                | Gender<br>Age | Date of<br>being<br>elected<br>(taking<br>office) | Term    | Date first<br>elected | Shareholding<br>when elected |                            | Current<br>shareholding |                            | Shareholding of<br>spouse and<br>underage<br>children |                            | Shares held by<br>proxy |                            | Experience and education   | Concurrent duties in the Company and other<br>companies   | Other managers, directors<br>or supervisors being the<br>spouse or relative within<br>the second degree of<br>kinship |                 |               | Note   |
|-----------------------|--|-------------------------------------|---------------|---|---------|-----------------------|------------------------------|----------------------------|-------------------------|----------------------------|---|----------------------------|-------------------------|----------------------------|--|---|---|-----------------|---------------|--|
|                       |  |                                     |               |   |         |                       | Shares                       | Share-<br>holding<br>ratio | Shares                  | Share-<br>holding<br>ratio | Shares  | Share-<br>holding<br>ratio | Shares                  | Share-<br>holding<br>ratio |  |   | Position  | Name            | Rela-<br>tion |  |
| Chairman              | Taiwan                                     | Chung-Kuo Tseng                     | Male<br>61-70 | 2024.05.28  | 3 years | 1996.07.12            | 2,423                        | 3.18%                      | 2,423                   | 3.18%                      | 284   | 0.37%                      | 5,481                   | 7.2%                       | Advanced Master of Management Program of National Cheng Kung University (noncompletion)<br>Da-Yeh University Credit Class  | Chairman and General Manager of the Company<br>Chairman, Cozy Air-Conditioning Co., Ltd<br>Chairman, Kuen Ling Machinery Refrigerating (Shanghai) Co., Ltd.<br>Chairman, Kuen Ling Machinery Refrigerating (Suzhou) Co., Ltd.<br>Chairman, Qie Lun Investment Co., Ltd.   | Director  | Yu-Fen, Huang   | spouses       | The Chairman and the General Manager are the same person, and independent directors were added on July 20, 2021. At present, there are four independent directors. |
| Director              | Taiwan                                     | Rung-Pin Yeh                        | Male<br>71-80 | 2024.05.28  | 3 years | 1996.07.12            | 2,658                        | 3.49%                      | 2,658                   | 3.49%                      | 97  | 0.13%                      | -                       | 0%                         | Tian Chung High School<br>Vice President, Kuen Ling Machinery Refrigerating Co., Ltd.  | Vice Chairman, Kuen Ling Machinery Refrigerating (Suzhou) Co., Ltd.<br>Director, Cozy Air-Conditioning Co., Ltd.  | None  | None            | None          |  |
| Director              | Taiwan                                     | Wen-Chi Ko                          | Male<br>81-90 | 2024.05.28  | 3 years | 1996.07.12            | 4,414                        | 5.80%                      | 4,414                   | 5.80%                      | -   | 0%                         | -                       | 0%                         | Supplementary Open Junior College For Public Administration<br>National Chengchi University<br>Chief of Examination Division in National Taxation Bureau of Kaohsiung, Ministry of Finance   | Supervisor, Cozy Air-Conditioning Co., Ltd.<br>Chairman; Wenji Investment Co., Ltd., Representative   | None  | None            | None          |  |
| Director              | Taiwan                                     | Hua Hong Industrial Co., Ltd.       | Female        | 2024.05.28  | 3 years | 2018.05.23            | 1,467                        | 1.93%                      | 1,467                   | 1.93%                      | -   | 0%                         | -                       | 0%                         | Chung Hwa University of Medical Technology   | Chairman of Hua Hong Industrial Co., Ltd.<br>Supervisor of Qie Lun Investment Co., Ltd<br>Director of Yong Sheng Gas Station Industrial Co., Ltd.<br>Director of Cozy Air-Conditioning Co., Ltd., Ltd.<br>Director of Kuen Ling Machinery Refrigerating Co., Ltd.<br>Director of Ying Long Co., Ltd.<br>Chairman of Wangliang Investment Co., Ltd.  | Chairman  | Chung-Kuo Tseng | spouses       |  |
| Director              | Taiwan                                     | TECO Electric & Machinery Co., Ltd. | Male          | 2024.05.28  | 3 years | 2018.05.23            | 11,132                       | 14.61%                     | 10,665                  | 14.01%                     | -   | 0%                         | -                       | 0%                         | Education: Master of Telecommunications Engineering, University of Pittsburgh, EMBA of National Cheng Chi University<br>Experience: IBM, AVP of Software Department, Tivoli SW (Greater China), and AVP (China) and Vice General Manager of Public Business Group (Greater China) of Microsoft | Chairman, Tesen Electronic Co., Ltd.; Chairman, Jiangxi Dongcheng Air-conditioning Equipment Co., Ltd.; Chairman, Dongguan Dongcheng Air-conditioning Equipment Co., Ltd.; Chairman, Nanchang Dongyuan Electric Co., Ltd.; Chairman, A-OK Technical Service Co., Ltd; Director, TECO Shanghai; Director, Taiwan Pelican Express Co., Ltd.; Director, E-JOY ELECTRONICS INTERNATIONAL CO., LTD.; Director, Kuen Ling Machinery Refrigerating Co., Ltd.; Director, Far Eastern Electronic Toll Collection Co., Ltd.; Director, FETC International Co., Ltd.; Director, TECO Smart Technologies Co., Ltd.; Director, Information Technology Total Services, ITTS; Director, Australia TAC; Chairman, TECO3C; Director, Teco Technology (Vietnam) Co., Ltd.; Chairman, E-Joy Australia; Director, TECO Elektrik Turkey A.S (TET); General Manager, Home Appliance Business Group of TECO Electric & Machinery Co., Ltd. | None  | None            | None          |  |
|                       |  | Representative: Chi-Tseng Peng      | Male<br>51-60 |   |         |                       | -                            | 0%                         | -                       | 0%                         | -   | 0%                         | -                       | 0%                         |  |   | None  | None            | None          |  |

|                      |        |                |                 |            |         |            |   |    |   |    |   |       |   |    |   |   |      |      |      |
|----------------------|--------|----------------|-----------------|------------|---------|------------|---|----|---|----|---|-------|---|----|---|---|------|------|------|
| Independent director | Taiwan | Yean-Der Kuan  | Male<br>51-60   | 2024.05.28 | 3 years | 2019.05.23 | - | 0% | - | 0% | - | 0%    | - | 0% | Ph.D., University of Missouri, Columbia   | Full-time Professor, Department of Refrigeration, Air Conditioning and Energy, National Chin-Yi University of Technology  | None | None | None |
| Independent director | Taiwan | Li-Rong Hong   | Female<br>61-70 | 2024.05.28 | 3 years | 2021.07.20 | - | 0% | - | 0% | - | 0%    | - | 0% | Bachelor, National Cheng Kung University (Accounting Department)<br>CPA, PwC Taiwan   | Independent Director, Eternal Materials Co., Ltd.   | None | None | None |
| Independent director | Taiwan | Wen-An Yang    | Male<br>71-80   | 2024.05.28 | 3 years | 2021.07.20 | - | 0% | - | 0% | - | 0%    | - | 0% | Master of Commerce, National Taiwan University<br>Vice Director of Ernst&Young Taiwan and General Manager of Ernst&Young Financial Consulting   | CPA, Durben Taiwan<br>Chairman, Durben Digital Solutions, Inc.<br>Chairman, Durben Financial Consulting Co., Ltd.<br>Independent Director, Arcadyan Technology Corporation<br>Independent Director, E&E Recycling, Inc.<br>Director, Lien Chang Electronic Enterprise Co., Ltd. | None | None | None |
| Independent director | Taiwan | Ming-Bing Chen | Male<br>61-70   | 2024.05.28 | 3 years | 2021.07.20 | - | 0% | - | 0% | 7 | 0.01% | - | 0% | Department of Electrical Engineering, National Taipei Institute of Technology<br>Special Assistant, Home Appliance Business Department, Marketing Division, TECO Electric & Machinery Co., Ltd. | Independent Director of the Company   | None | None | None |

Note 1: If the Chairman and the President or equivalent positions (the top manager) of the Company are the same person, spouse or relative of each other, state the reasons, reasonableness, necessity and countermeasures: The chairman of the Company concurrently serves as the general manager. In order to improve operating efficiency and decision-making execution capabilities, and in response to the Group's organizational development and operational plans, the Company not only recruits outstanding talents, but also actively cultivates senior officers who have potential, training them with various management skills, to select successors; in addition, the chairman of the board of directors also closely communicates with all directors on the current operating status and planning policies of the Company to implement corporate governance. The Chairman and the General Manager (or equivalent highest executive) are the same person. To strengthen oversight from a governance perspective, the Company added four independent directors on July 20, 2021.

Succession Planning: Through rotation and promotion of senior management in 2025, the Company has demonstrated its commitment to sustainable talent development. By cultivating cross function talent, the Company not only enhances the resilience of its leadership team but also ensures smooth transition of key decision-making roles, thereby supporting its vision of long-term sustainability.

| Execution Category          | Positions                              | Description of Changes  | Cultivate Objectives and Expected Benefits   |
|-----------------------------|--|---|--|
| Cross functional transfer   | Manager, Sales Department              | Transferred from the former R&D Department Manager position.                            | Combine technical expertise with business development to enhance service quality and sales competitiveness.  |
| Internal promotion          | Assistant Manager, Sales Department    | On August 6, 2025, officially promoted from Sales Department Manager (Chen, Chih-Hung). | Develop internal talent through long-term performance evaluation and leadership potential assessment.        |
| Cross departmental rotation | Deputy General Manager, R&D Department | Transferred from the former Deputy General Manager of the Sales Department position.    | Adopt market insight driven R&D approaches to shorten the path from product development to commercialization |

**(Table 1): Major Shareholders of Corporate Shareholders**

March 31, 2026

| Name of Corporate Shareholders     | Major Shareholders of Corporate Shareholders | Shareholding Ratio |
|------------------------------------|--|--------------------|
| TECO Electric & Machinery Co. Ltd. | PJ Asset Management Group                    | 15.71%             |
|                                    | Hon Hai Precision Industry Co., Ltd.         | 9.99%              |
|                                    | Walsin Lihwa Corporation                     | 9.62%              |
|                                    | Jiayuan Investment Co., Ltd.                 | 5.05%              |
|                                    | Ho Yuan International Investment Co., Ltd.   | 2.12%              |
|                                    | Creative Sensor Inc.                         | 1.98%              |
|                                    | Dongguang Investment Co., Ltd.               | 1.35%              |
|                                    | Guangyuan Industrial Co., Ltd.               | 1.13%              |
|                                    | Yingyi International Investment Co., Ltd.    | 0.95%              |
|                                    | Yuban International Investment Co., Ltd.     | 0.86%              |

| Corporate Shareholders        | Major Shareholders | Shareholding Ratio |
|-------------------------------|--------------------|--------------------|
| Hua Hong Industrial Co., Ltd. | Yu-Fen, Huang      | 100%               |

**(Table 2): Major Shareholders of Legal Entity Shareholders Listed in Table 1**

March 31, 2026

| Legal Entity Name                    | Major Shareholders of the Legal Entity   |
|--------------------------------------|--|
| PJ Asset Management Group            | Heyang Management Consulting Co., Ltd. (100%)  |
| Hon Hai Precision Industry Co., Ltd. | Gou, Tai-Ming (12.4%); New Labor Pension Fund (1.77%); CTBC Bank (custodian) – Yuanta Taiwan Top 50 ETF (1.68%); Standard Chartered Bank (custodian) – Liechtenstein Bank investment account (1.30%); Standard Chartered Bank (custodian) – Advanced Starlight Advanced Total International Equity Index (1.26%); JPMorgan Chase (custodian) – Vanguard Emerging Markets Stock Index Fund (1.20%); Citibank Taiwan (custodian) – iShares Emerging Markets ETF investment account (0.99%) Citibank (custodian) – Norges Bank investment account (0.96%) Citibank (custodian) – Singapore Government investment account (0.93%); Standard Chartered International Commercial Bank, Business Department (custodian) – Advanced Trust Company Institutional Fully International Stock Market Index Trust II investment account (0.63%) |

| Legal Entity Name                          | Major Shareholders of the Legal Entity  |
|--|---|
| Walsin Lihwa Corporation                   | Winbond Electronics Corp. (6.09%);Jin Xin Investment Co., Ltd. (6.04%)<br>Rong Jiang Co., Ltd. (5.00%);TECO Electric & Machinery Co., Ltd. (4.75%);<br>Standard Chartered International Commercial Bank, Business Department (custodian)- Royal Bank of Canada (4.13%);HannStar Display Corp.(3.09%)<br>Jiao You-Hui (2.73%);You Xiang Investment Co., Ltd. (1.79%);Qing An Investment Co., Ltd. (1.79%);Yu Xing Enterprise Co., Ltd. (1.78%) |
| Jiayuan Investment Co., Ltd.               | Lin Chen-Hai (80.26%);Tseng Shu-Chiung (16.08%)<br>He Yuan International Investment Co., Ltd. (3.55%)<br>Chang Wei Management Consulting Co., Ltd. (0.11%)  |
| Ho Yuan International Investment Co., Ltd. | Five Star Asset Management Co., Ltd. (100%)   |
| Creative Sensor Inc.                       | Tongyu Technology Co., Ltd. (18.88%);Universal Cement Corp. (8.59%);<br>Tianda Investment Co., Ltd. (8.06%);Universal Cement Investment Co., Ltd. (5.88%); Koryo Electronics Co., Ltd. (3.72%); Creative Sensor Inc. (Treasury Shares) (2.06%);Hou A-Chung (1.27%);CTBC Bank (trustee)-<br>Creative Sensor Inc. Employee Stock Ownership Trust Account (1.20%);Lin Kao-Huang (1.20%);Chang Po-Han (0.94%)                                     |
| Dongguang Investment Co., Ltd.             | Guangyuan Industrial Co., Ltd. (39.27%); Huang Lin, He-hui (35.01%);<br>Bright Industry Investment Co., Ltd. (Hong Kong) (12.73%); Tung Ho International Investment Co., Ltd.(6.00%); other (6.99%)   |
| Guangyuan Industrial Co., Ltd.             | Dongguang Investment Co., Ltd.(34.46%); Huang Lin, He-hui (51.58%);<br>Bright Industry Investment Co., Ltd. (Hong Kong) (10.0%); Tung Ho International Investment Co., Ltd.(0.74%); other (3.22%)   |
| Yingyi International Investment Co., Ltd.  | Huang ,Bo-Zhi(77.72%); Duman Investment Co., Ltd (8.62%); Boshi International Investment Co., Ltd (8.62%); SioLik Creative Co., Ltd.(4.31%); Feng-Mei, Xu(0.72%)  |
| Yuban International Investment Co., Ltd.   | Guang-Yuan Industries Co., Ltd (39.13%); Tung-Kuang Investment Co., Ltd. (30.20%); Hong Kong Fuyou Co., Ltd (8.44); Huang Ren-Xin (2.61%); Liu Hui-Zi (2.43%); Lin Yuz-Hao (2.11%); Lin Lizhong (2.00%); Lin Yu-Ping (1.89%); Zeng Lun-Bin (1.86%); Zhuang Zhong-Gren (1.80%)   |

(1) Major Shareholders of the Legal Entity

March 31, 2026

| Legal Entity Name                          | Major Shareholders of the Legal Entity   |
|--|--|
| He Yuan International Investment Co., Ltd. | Five Star Asset Management Co., Ltd. (100%)  |
| Dongguang Investment Co., Ltd.             | Guangyuan Industrial Co., Ltd. (39.27%); Huang Lin, He-hui (35.01%); Bright Industry Investment Co., Ltd. (Hong Kong) (12.73%); Tung Ho International Investment Co., Ltd.(6.00%); other (6.99%) |

| Legal Entity Name                          | Major Shareholders of the Legal Entity  |
|--|---|
| Tung Ho International Investment Co., Ltd. | Huang Shang-Li (25.89%);Wang Po-Yuan (20.00%);Kuang Yuan Industrial Co., Ltd. (29.50%);Huang Yu-Jen (17.78%);Others (6.83%)   |
| Creative Sensor Inc.                       | Tongyu Technology Co., Ltd. (18.88%);Universal Cement Corp. (8.59%); Tianda Investment Co., Ltd. (8.06%);Universal Cement Investment Co., Ltd. (5.88%);AcBel Polytech Inc. (3.72%);Weltrend Semiconductor, Inc. (Treasury Shares) (2.06%);Hou A-Chung (1.27%);CTBC Bank (trustee)- Weltrend Semiconductor Employee Stock Ownership Trust Account (1.20%);Lin Kao-Huang (1.20%);Chang Po-Han (0.94%) |

(2)Principal Shareholders of Prior Major Corporate Shareholders

March 31,2026

| Name of Corporate Shareholders             | Major Shareholders of Corporate Shareholders  |
|--|---|
| Five Star Asset Management Co., Ltd.       | Lin I-Tsai(16.67%);Lin Hsin-Pao (16.67%); Lin Ming-Ku(16.67%);Lin I-Wen (16.67%); Lin Ming-Yuan(16.67%); Lin Chen-Hai (8.33%); Tseng Shu-Chiung, (4.16%); Pai Shu-Chen(4.16%)   |
| Guangyuan Industrial Co., Ltd.             | Dongguang Investment Co., Ltd.(34.46%); Huang Lin, He-hui (51.58%); Bright Industry Investment Co., Ltd. (Hong Kong) (10.0%); Tung Ho International Investment Co., Ltd.(0.74%); other (3.22%)  |
| Ming Ye Investment Co., Ltd. (Hong Kong)   | The,Mei-Ling (100%)   |
| Tung Ho International Investment Co., Ltd. | Huang Shang-Li (25.89%);Wang Po-Yuan (20.00%);Kuang Yuan Industrial Co., Ltd. (29.50%);Huang Yu-Jen (17.78%);Others (6.83%)   |
| Tongyu Technology Co., Ltd.                | Creative Sensor Inc.(29.69%) 、 Tianda Investment Co., Ltd.(10.45%) 、 Koryo Electronics Co., Ltd. (10.15%) 、 Anfu International Investment Co., Ltd. (9.41%) 、 Dong An Investment Co., Ltd. (5.01%) 、 Kuang Yuan Industrial Co., Ltd. (4.24%) 、 TECO International Investment Co., Ltd. (4.17%) 、 Li Ching-Chiang (0.85%) 、 Citibank (custodian) – Barclays Capital Securities Limited investment account (0.50%) 、 Tung Ho International Investment Co., Ltd. (0.45%) |
| Universal Cement Corporation               | Sheng Yuan Investment Co., Ltd.(10.32%); Universen Investment Limited(10.29%); Hou Po-Yi (7.94%); HSBC Custodian –Bit Bank Investment Account(4.87%); Bozhi Investment Co., Ltd.(4.57%); Hou Su Chin-Chien (3.43%); Standard Chartered Bank (Custodian for DBS Bank).0600049662 (3.09%); Hou Po-Yu(2.76%); T.H. Wu Foundation (1.79%); (1.45%); Hou Po-Ming(1.00%)  |
| Tien Da Investment Co., Ltd.               | Koryo Electronics Co., Ltd. (29.85%) 、 Koryo Electronics Co.,Ltd.(27.27%) 、 Teco Image Systems (TIS) Co., Ltd. (25.17%) 、 Lien Chang Electronic Enterprise Co., Ltd. (9.79%) 、 Multilite International Co., Ltd (6.99%) 、 Victron Technology Co., Ltd. (0.92%)  |

|                                       |   |
|---------------------------------------|---|
| Universal Cement Investment Co., Ltd. | Universal Cement Corporation (100%)   |
| Koryo Electronics Co., Ltd.           | Teco Image Systems (TIS) Co., Ltd. (19.29%)、Creative Sensor Inc.(19.07%)、Multilite International Co., Ltd (11.30%)、Lu Chuan-Fu (10.05%)、Tianda Investment Co., Ltd. (9.82%)、Joyce Worldwide Ltd. (2.91%)、Huang Lin He-Hui (2.22%)、Huang Mao-Hsiung (0.94%)、Joyce Investment Corp. (0.81%)、Li Fu-Xing (0.76%)  |
| Creative Sensor Inc.                  | Tongyu Technology Co., Ltd. (18.88%);Universal Cement Corp. (8.59%); Tianda Investment Co., Ltd. (8.06%);Universal Cement Investment Co., Ltd. (5.88%); Koryo Electronics Co., Ltd. (3.72%); Creative Sensor Inc. (Treasury Shares) (2.06%);Hou A-Chung (1.27%);CTBC Bank (trustee)- Creative Sensor Inc. Employee Stock Ownership Trust Account (1.20%);Lin Kao-Huang (1.20%);Chang Po-Han (0.94%) |

I. Disclosure of professional qualifications of directors and supervisors and independence of independent directors:

| Title    | Criteria<br>Name | Professional qualifications and experience (Note 1)   | Independence status (Note 2 and 3) | Number of independent director positions of other public companies |
|----------|------------------|---|------------------------------------|--|
| Director | Chung-Kuo Tseng  | <p>Da-Yeh University Credit Class, Advanced Master of Management Program of National Cheng Kung University (non-completion)</p> <p>Experience:</p> <p>Chairman and General Manager of the Company Chairman, Cozy Air-Conditioning Co., Ltd.<br/>Chairman, Kuen Ling Machinery Refrigerating (Shanghai) Co., Ltd.<br/>Chairman, Kuen Ling Machinery Refrigerating (Suzhou) Co., Ltd.<br/>Chairman, Qie Lun Investment Co., Ltd.</p> <p>Rich experience in operation judgment, business management, crisis management, industrial knowledge, leadership, decision-making ability and other related fields.</p> <p>There are no circumstances under Article 30 of the Company Act.</p> | Note 2                             | 0  |
| Director | Rung-Pin Yeh     | <p>Tian Chung High School</p> <p>Experience:</p> <p>Director, Cozy Air-Conditioning Co., Ltd.<br/>Vice-Chairman, Kuen Ling Machinery Refrigerating (Suzhou) Co., Ltd.</p> <p>Rich experience in operation judgment, industrial knowledge, leadership, decision-making ability and other related fields.</p> <p>There are no circumstances under Article 30 of the Company Act.</p>  | Note 2                             | 0  |
| Director | Wen-Chi Ko       | <p>Administrative Department, Open School of National Cheng Chi University</p> <p>Experience:</p> <p>Supervisor, Cozy Air-Conditioning Co., Ltd.<br/>Chairman, Wenji Investment Co., Ltd.,<br/>Chief of the Review Section of the Kaohsiung National Tax Bureau, Ministry of Finance</p> <p>Rich experience in operation judgment, financial accounting, business management, international market view, leadership, decision-making ability and other related fields. There are no circumstances under Article 30 of the Company Act.</p>  | Note 2                             | 0  |

| Title    | Criteria<br>Name  | Professional qualifications and experience (Note 1)  | Independence status (Note 2 and 3) | Number of independent director positions of other public companies |
|----------|---|--|------------------------------------|--|
| Director | Hua Hong Industrial Co., Ltd.<br>Representative:<br>Yu-Fen, Huang             | <p>Chung Hwa University of Medical Technology<br/>Experience:<br/>Chairman of Hua Hong Industrial Co., Ltd.<br/>Supervisor of Qie Lun Investment Co., Ltd<br/>Director of Yong Sheng Gas Station Industrial Co., Ltd.; Director of Cozy Air-Conditioning Co., Ltd., Ltd.; Director of Kuen Ling Machinery Refrigerating Co., Ltd; Director of Ying Long Co., Ltd.;<br/>Chairman of Wangliang Investment Co., Ltd.<br/>Rich experience in operation judgment, crisis management, decision-making ability and other related fields.<br/>There are no circumstances under Article 30 of the Company Act.</p>  | Note 2                             | 0  |
| Director | Chi-Tseng Peng,<br>Representative of<br>TECO Electric and Machinery Co., Ltd. | <p>Education: Master of Telecommunications Engineering, University of Pittsburgh, EMBA of National Cheng Chi University<br/>Experience:<br/>Chairman, Tesen Electronic Co., Ltd.; Chairman, Jiangxi Dongcheng Air-conditioning Equipment Co., Ltd.; Chairman; Dongguan Dongcheng Air-conditioning Equipment Co., Ltd.; Chairman, Nanchang Dongyuan Electric Co., Ltd.; Chairman, A-OK Technical Service Co., Ltd; Director, TECO Shanghai; Director, Taiwan Pelican Express Co., Ltd.; Director, E-JOY Electronics International Co., Ltd.; Director, Kuen Ling Machinery Refrigerating Co., Ltd.; Director, Far Eastern Electronic Toll Collection Co., Ltd.; Director, FETC International Co., Ltd.; Director, TECO Smart Technologies Co., Ltd.; Director, Information Technology Total Services, ITTS; Director, Australia TAC; Chairman, TECO3C; Director, Teco Technology (Vietnam) Co., Ltd.; Chairman, E-Joy Australia; Director, TECO Elektrik Turkey A.Ş (TET); General Manager, Home Appliance Business Group of TECO Electric &amp; Machinery Co., Ltd.<br/><br/>Rich experience in operation judgment, crisis management, business management, international market view, leadership, decision-making ability and other related fields. There are no circumstances under Article 30 of the Company Act.</p> | Note 2                             | 0  |

| Title                | Criteria<br>Name | Professional qualifications and experience (Note 1)   | Independence status (Note 2 and 3) | Number of independent director positions of other public companies |
|----------------------|------------------|---|------------------------------------|--|
| Independent director | Yean-Der Kuan    | Ph.D., University of Missouri, Columbia<br>Experience:<br>Full-time Professor, Department of Refrigeration, Air Conditioning and Energy, National Chin-Yi University of Technology<br>Rich experience in crisis management, industrial knowledge, international market view, leadership, decision-making ability and other related fields.<br>There are no circumstances under Article 30 of the Company Act.   | Notes 2 and 3                      | 0  |
| Independent director | Li-Rong Hong     | Bachelor, National Cheng Kung University (Accounting Department)<br>Experience:<br>CPA, PwC Taiwan<br>Independent Director, Eternal Materials Co., Ltd.<br>Rich experience in operation judgment, financial accounting, business management, crisis management, business management, international market view, decision-making ability and other related fields.<br>There are no circumstances under Article 30 of the Company Act.  | Notes 2 and 3                      | 1  |
| Independent director | Wen-An Yang      | Master of Commerce, National Taiwan University<br>Experience:<br>CPA, Durbun CPAs Firm<br>Chairman, Durbun Digital Solutions, Inc.<br>Chairman, Durbun Financial Consulting Co., Ltd.<br>Independent Director, Arcadyan Technology Corporation<br>Independent Director, E&E Recycling, Inc.<br>Director, Lien Chang Electronic Enterprise Co., Ltd.<br><br>Rich experience in operation judgment, financial accounting, business management, industrial knowledge, decision-making ability and other related fields.<br><br>There are no circumstances under Article 30 of the Company Act. | Notes 2 and 3                      | 2  |

| Title                | Criteria<br>Name | Professional qualifications and experience (Note 1)   | Independence status (Note 2 and 3) | Number of independent director positions of other public companies |
|----------------------|------------------|---|------------------------------------|--|
| Independent director | Ming-Bing Chen   | Department of Electrical Engineering, National Taipei Institute of Technology<br>Experience:<br>Special Assistant, Home Appliance Business Department, Marketing Division, TECO Electric & Special Assistant<br>Rich experience in business management, crisis management, industrial knowledge, leadership, decision-making ability and other related fields.<br>There are no circumstances under Article 30 of the Company Act. | Notes 2 and 3                      | 0  |

Note 1: Please refer to Appendix 1(P.12-13) for information on directors.

Note 2: Please refer to Appendix 1 (P.12-13) for information on directors.

Note 3: The independent director, his/her spouse or relatives within the second degree of kinship have not served as directors, supervisors or employees of the Company or its affiliated enterprises.  
 The independent director, his/her spouse and relatives within the second degree do not hold Company shares (or in the names of others) and have not served as directors, supervisors or employees of a company that has a specific relationship with the Company (please refer to sub-paragraphs 5 to 8, paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); no remuneration was obtained from providing business, legal, financial, accounting and other services to the Company or its affiliates in the past 2 years.

## II. Diversity and independence of the board of directors:

### (I) Diversity of the board of directors: Describe the diversification policy and objectives for the board of directors and achievement.

Currently, there are 9 directors (including 4 independent directors) on the Board of Directors of the Company. All members of the Board of Directors have diversified and complementary industry experience and financial and accounting expertise; the Company has appointed 2 female directors with expertise in finance, accounting, and crisis management. If the number of directors of either gender on the Board does not reach one-third, the Company shall disclose the reasons and measures adopted to improve gender diversity on the Board:

The Company has established a 9 member Board of Directors in accordance with its Articles of Incorporation. The current directors were elected at the shareholders' meeting on May 28, 2024. Although there are 2 female directors, which complies with the relevant regulations at the time, the number does not meet the one-third threshold. The reasons are as follows:

- (1) Most of the current Board members are re-elected directors with low turnover, which slows the progress of gender diversification. Some independent directors possess specific industry expertise or long-term management experience, making it difficult to replace them in the short term to achieve gender balance.
- (2) As a company in the traditional manufacturing industry, the field has historically been male-dominated, limiting the pool of female candidates for board nomination.
- (3) The Company has always placed importance on professional qualifications when selecting directors and has not imposed mandatory gender quotas. This, along with the relatively lower proportion of female business leaders in the market, has contributed to the slower pace of

gender diversification.

To enhance corporate governance and implement its Board diversity policy, the Company has adopted the following measures:

- (1) In the next Board election, the Company will actively consider candidates of the underrepresented gender and seek nominations through various channels such as industry organizations and academic institutions.
- (2) The Company aims to achieve at least one-third gender representation on the Board within five years and will gradually increase gender diversity among senior management.

The current status of the implementation of the Board diversity policy is as follows:

| Diversification item<br>Director's name | Inauguration date | Nationality | Gender | Currently serving as an employee of the Company | Age      |          |          |          | Length of service as independent director |              |                   | Business Judgment | Financial Accounting | Business Management | Crisis Handling | Industry Knowledge | International Market Perspective. | Leadership Capability | Decision-making Capability |
|---|-------------------|-------------|--------|---|----------|----------|----------|----------|---|--------------|-------------------|-------------------|----------------------|---------------------|-----------------|--------------------|-----------------------------------|-----------------------|----------------------------|
|   |                   |             |        |   | 51 to 60 | 61 to 70 | 71 to 80 | 81 to 90 | Less than 3 years                         | 3 to 9 years | More than 9 years |                   |                      |                     |                 |                    |                                   |                       |                            |
| Chung-Kuo Tseng (Chairman)              | 2024.05.28        | R.O.C.      | Male   | V   | V        |          |          |          |   |              | V                 |                   | V                    | V                   | V               |                    | V                                 | V                     |                            |
| Rung-Pin Yeh (Director)                 | 2024.05.28        | R.O.C.      | Male   |   |          | V        |          |          |   |              | V                 |                   |                      |                     | V               |                    | V                                 | V                     |                            |
| Wen-Chi Ko (Director)                   | 2024.05.28        | R.O.C.      | Male   |   |          |          | V        |          |   |              | V                 | V                 | V                    |                     |                 | V                  | V                                 | V                     |                            |
| Yu-Fen, Huang (Director)                | 2024.05.28        | R.O.C.      | Female |   | V        |          |          |          |   |              | V                 |                   |                      | V                   |                 |                    |                                   | V                     |                            |
| Chi-Tseng Peng (Director)               | 2024.05.28        | R.O.C.      | Male   |   | V        |          |          |          |   |              | V                 |                   | V                    | V                   |                 | V                  | V                                 | V                     |                            |
| Li-Rong Hong (Independent Director)     | 2024.05.28        | R.O.C.      | Female |   |          | V        |          |          | V   |              | V                 | V                 | V                    | V                   |                 | V                  |                                   | V                     |                            |
| Yean-Der Kuan (Independent Director)    | 2024.05.28        | R.O.C.      | Male   |   | V        |          |          |          | V   |              |                   |                   |                      | V                   | V               | V                  | V                                 | V                     |                            |
| Wen-An Yang (Independent Director)      | 2024.05.28        | R.O.C.      | Male   |   |          | V        |          |          | V   |              | V                 | V                 | V                    |                     | V               |                    |                                   | V                     |                            |
| Ming-Bing Chen (Independent Director)   | 2024.05.28        | R.O.C.      | Male   |   |          | V        |          |          | V   |              |                   |                   | V                    | V                   | V               |                    | V                                 | V                     |                            |

The specific management objectives of the Company's diversity policy and their achievement are as follows:

| Management Objectives  | Achievement  |
|--|--------------|
| No director or independent director serves as a director of more than five listed companies at the same time   | Achieved     |
| The number of independent directors exceeds one-third of the number of directors and the number of independent directors does not exceed three consecutive terms.                                    | Achieved     |
| The number of directors who are also managers of the Company shall not exceed one-third of the total number of directors.  | Achieved     |
| More than half of the directors are not related to each other as spouses or relatives within the second degree of kinship.   | Achieved     |
| The board of directors focuses on operational judgment, business management and crisis management capabilities. More than 2/3 of the board members should have the ability to related core projects. | Achieved     |
| Female directors account for one-third of director seats   | Not achieved |

(II) Independence of the board of directors: State the number or proportion of independent directors, the independence of the board of directors, and whether there are no circumstances as prescribed in paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act, including the situation that there are spouses and relatives within the second degree of kinship between directors, between supervisors, or between directors and supervisors.

The Company's Board of Directors consists of nine members, including four Independent Directors (accounting for 44%). All Independent Directors maintain their independence when performing their duties and have no direct or indirect interests with the Company. They also serve as members of the Audit Committee, supervising the appropriateness of the Company's financial statements, the appointment and dismissal and the independence and performance of the certified public accountants, the effective implementation of internal controls, compliance with relevant laws and regulations, and the management of existing or potential risks faced by the Company. Among all directors (including Independent Directors), only two have a spousal relationship. In addition, Article 16 of the Company's "Rules of Procedure for Board of Directors Meetings" clearly stipulates that "Directors who have a conflict of interest in any agenda item, whether directly or on behalf of a juristic person, must explain the important aspects of the conflict at the current Board meeting. If such conflict may harm the interests of the Company, they must refrain from participating in the discussion and voting on the item, and may not act as proxy for another director to exercise voting rights." All directors have complied with the aforementioned regulations, thereby ensuring the independence of the Board's operations.

## (II) Information of the General Manager, Vice General Managers, senior managers, and heads of departments and branches

March 31, 2026; Unit: thousand shares; %

| Title   | Nationality | Gender | Name            | Election / Appointment Date | Current shareholding |                    | Shareholding of spouse and underage children |                    | Shares held by proxy |                    | Major experience and education   | Concurrent positions in other companies   | Spouse or relatives of the second degree or closer acting as managers |      |          | Notes   |
|---|-------------|--------|-----------------|-----------------------------|----------------------|--------------------|--|--------------------|----------------------|--------------------|--|---|---|------|----------|---|
|   |             |        |                 |                             | Shares               | Shareholding ratio | Shares                                       | Shareholding ratio | Shares               | Shareholding ratio |  |   | Title   | Name | Relation |   |
| Chairman and General Manager                        | Taiwan      | Male   | Chung-Kuo Tseng | 1992.05.30                  | 2,423                | 3.18%              | 284  | 0.37%              | 5,481                | 7.20%              | Da-Yeh University Credit Class, Advanced Master of Management Program of National Cheng Kung University (non-completion) | Chairman, Cozy Air-Conditioning Co., Ltd.; Chairman, Kuen Ling Machinery Refrigerating (Shanghai) Co., Ltd.; Chairman, Kuen Ling Machinery Refrigerating (Suzhou) Co., Ltd.; Chairman, Qie Lun Investment Co., Ltd. | None  | None | None     | The Chairman and the General Manager are the same person, and 4 independent directors were added on July 20, 2021. (Please refers to <a href="#">Page12</a> ) |
| Deputy General Manager, Sales Technology Department | Taiwan      | Male   | Hsien-Jung Kuo  | 2023.01.02                  | 76                   | 0.10%              | 0  | 0.00%              | 0                    | 0.00%              | Institute of Industrial Engineering and Management, National Kaohsiung University of Science and Technology              | Deputy General Manager, Sales Technology Department, Cozy Air-Conditioning Co., Ltd.  | None  | None | None     |   |
| Deputy General Manager, R&D Department (Note1)      | Taiwan      | Male   | Chin-Chung Wu   | 2023.01.02                  | 52                   | 0.07%              | 3  | 0.00%              | 0                    | 0.00%              | Department of Business Administration, Kao Yuan University   |   | None  | None | None     |   |
| Assistant Manager, Sales Department (Note2)         | Taiwan      | Male   | Chih-Hung Chen  | 2025.08.06                  | 9                    | 0.01%              | -  | 0%                 | -                    | 0%                 | National Cheng Kung University, Graduate Institute of Mechanical Engineering   | Assistant Manager of Sales Technology Department, Cozy Air-Conditioning Co., Ltd.   | None  | None | None     |   |
| Assistant Manager, Financial Department             | Taiwan      | Female | Li-Ling Su      | 2023.01.02                  | 68                   | 0.09%              | 0  | 0.00%              | 0                    | 0.00%              | Tainan University of Technology  | Assistant Manager of Financial Department of Cozy Air-Conditioning Co., Ltd.  | None  | None | None     |   |

Note 1: Chin-Chung Wu, Deputy General Manager of the Sales Department, was reassigned as Deputy General Manager of the R&D Department on April 1, 2025.

Note 2: The Company internally promoted Mr. Chen, Chih-Hung, Sales Department Manager, to Assistant Manager of the Sales Department on August 6, 2025.

## II. Remuneration paid to Directors, Supervisors, the General Manager and Deputy General Managers in the Most

### Recent Year

The Company's remuneration policies, systems, standards, and structure for general directors and independent directors, and the relationship between remuneration and factors such as duties, risks, and time commitment, are described as follows:

Basis for Determination of Remuneration and Link to Performance:

The remuneration of directors is determined in accordance with Article 17 of the Company's Articles of Incorporation, under which the Remuneration Committee is authorized to determine such remuneration based on the directors' level of participation in operations and their contribution to the Company. In addition, pursuant to Article 9 of the "Board Performance Evaluation Policy", the evaluation results are used as a basis for determining remuneration.

Performance Evaluation Items and Performance for 2025:

(a) Operating Performance (Weight: 85%):

In 2025, the revenue growth rate was -12.48%, the pre-tax profit growth rate was -22.48%, and the return on equity (ROE) was 14.40%. The primary reason was that in 2024, recognition of revenue from large-scale projects and strong profitability resulted in a higher comparison base, leading to operating indicators in 2025 falling short of expectations.

(b) External Evaluation (Weight: 10%):

The Company has been ranked within the 21%–35% bracket in the OTC-listed category in the Corporate Governance Evaluation for two consecutive years. This indicator reflects that the Board of Directors has effectively implemented risk management and maintained a high level of governance quality under a volatile environment, receiving strong recognition from external evaluation institutions.

(c) Industry Benchmark (Weight: 5%):

Reference is made to the average director remuneration levels within the electromechanical industry.

Overall Evaluation Conclusion:

Affected by the high base period in 2024, the Company's operating performance in 2025 fell short of expectations. However, given the Company's excellent and stable ranking in the Corporate Governance Evaluation, it demonstrates the Board's strong governance capabilities. Based on a performance-oriented principle, the total directors' remuneration for 2025 was reduced by 15.34% (from NT\$20,631 thousand to NT\$17,465 thousand), representing 6.75% of net income after tax. This adjustment is highly correlated with and reasonable in relation to the Company's overall performance.

Remuneration Principles for Directors Concurrently Serving as Managers and Independent Directors:

(a) Directors concurrently serving as managers (e.g., the Chairman):

Their directors' remuneration is determined based on their level of participation in operations and contribution value; managerial compensation is assessed based on performance indicators to reflect their managerial contributions.

(b) Independent directors:

As members of functional committees (Remuneration, Sustainability, and Audit Committees), bear a high standard of oversight responsibility. Therefore, their remuneration structure differs from that of general directors, and they do not participate in profit distribution

# 1. Remuneration of directors and independent directors (name and method of remuneration disclosed separately)

Unit: NT\$ thousand

| No. | Title                | Name   | Directors' compensation |   |             |   |                             |   |                                 |   | Sum of A, B, C, and D and as a percentage of profit after tax |   | Compensation received as an employee           |   |             |   |                             |                       |                     |                       | Sum of A, B, C, D, E, F, and G and as a percentage of profit after tax |   | Compensation from reinvested enterprises other than subsidiaries and from the parent |
|-----|----------------------|--|-------------------------|---|-------------|---|-----------------------------|---|---------------------------------|---|---|---|--|---|-------------|---|-----------------------------|-----------------------|---------------------|-----------------------|--|---|--|
|     |                      |  | Compensation (A)        |   | Pension (B) |   | Directors' remuneration (C) |   | Business execution expenses (D) |   | The Company   | All companies included in the financial statements of the Company | Salaries, bonuses, special allowances etc. (E) |   | Pension (F) |   | Employees' remuneration (G) |                       |                     |                       | The Company  | All companies included in the financial statements of the Company |  |
|     |                      |  | The Company             | All companies included in the financial statements of the Company | The Company | All companies included in the financial statements of the Company | The Company                 | All companies included in the financial statements of the Company | The Company                     | All companies included in the financial statements of the Company |   |   | The Company                                    | All companies included in the financial statements of the Company | The Company | All companies included in the financial statements of the Company | Amount paid in cash         | Amount paid in shares | Amount paid in cash | Amount paid in shares |  |   |  |
| 1   | Chairman             | Chung-Kuo Tseng (re-elected on May 28, 2024)   | -                       | -   | -           | -   | 4,538                       | 4,538   | 50                              | 50  | 1.77%   | 1.77%   | 4,739  | 9,480   | 63          | 63  | 703                         | -                     | 3,270               | -                     | 3.90%  | 6.73%   | None   |
| 2   | Director             | Rung-Pin Yeh (re-elected on May 28, 2024)  | 150                     | 1,008   | -           | -   | 1,134                       | 1,134   | 50                              | 50  | 0.52%   | 0.85%   | -  | 1,812   | -           | -   | -                           | -                     | -                   | -                     | 0.52%  | 1.55%   | None   |
| 3   | Director             | Wen-Chi Ko (re-elected on May 28, 2024)  | -                       | 360   | -           | -   | 1,134                       | 1,134   | 50                              | 50  | 0.46%   | 0.60%   | -  | -   | -           | -   | -                           | -                     | -                   | -                     | 0.46%  | 0.60%   | None   |
| 4   | Director             | Hua Hong Industrial Co., Ltd. Representative: Yu-Fen, Huang (newly elected on May 28, 2024)        | -                       | -   | -           | -   | 1,134                       | 1,134   | 50                              | 50  | 0.46%   | 0.46%   | -  | 338   | -           | 10  | -                           | -                     | -                   | -                     | 0.46%  | 0.59%   | None   |
| 5   | Director             | Chi-Tseng Peng, Representative of TECO Electric & Machinery Co., Ltd. (re-elected on May 28, 2024) | -                       | -   | -           | -   | 1,134                       | 1,134   | 50                              | 50  | 0.46%   | 0.46%   | -  | -   | -           | -   | -                           | -                     | -                   | -                     | 0.46%  | 0.46%   | None   |
| 6   | Independent director | Li-Rong Hong (re-elected on May 28, 2024)  | 600                     | 600   | -           | -   | -                           | -   | 60                              | 60  | 0.26%   | 0.26%   | -  | -   | -           | -   | -                           | -                     | -                   | -                     | 0.26%  | 0.26%   | None   |
| 7   | Independent director | Yean-Der Kuan (re-elected on May 28, 2024)   | 467                     | 467   | -           | -   | -                           | -   | 60                              | 60  | 0.20%   | 0.20%   | -  | -   | -           | -   | -                           | -                     | -                   | -                     | 0.20%  | 0.20%   | None   |
| 8   | Independent director | Ming-Bing Chen (re-elected on May 28, 2024)  | 600                     | 600   | -           | -   | -                           | -   | 50                              | 50  | 0.25%   | 0.25%   | -  | -   | -           | -   | -                           | -                     | -                   | -                     | 0.25%  | 0.25%   | None   |
| 9   | Independent director | Wen-An Yang (re-elected on May 28, 2024)   | 600                     | 600   | -           | -   | -                           | -   | 50                              | 50  | 0.25%   | 0.25%   | -  | -   | -           | -   | -                           | -                     | -                   | -                     | 0.25%  | 0.25%   | None   |

- Please state the remuneration payment policy, system, standard and structure of independent directors and the relationship between the remuneration and the responsibilities, risks, time invested and other factors: the above is handled according to the remuneration payment method for independent directors; when independent directors perform their duties for the Company, regardless of the Company's operating profit and loss, with reference to the performance evaluation results, the Company may pay a fixed remuneration of not more than NT\$50,000 per month. Independent directors also cannot participate in the distribution of the total remuneration of directors reported to the general shareholders' meeting.
- In addition to the disclosure in the table above, the remuneration received by the directors of the Company for their services (such as serving as non-employee consultants for the parent/all companies in the financial report/reinvested enterprises) in the most recent year: None

| Remuneration ranges                                      |   |   |  |   |
|--|---|---|--|---|
| Remuneration ranges paid to each director of the Company | Director's name (Note 1)                                      |   |  |   |
|  | Total amount of the first four remuneration amounts (A+B+C+D) |   | Total amount of the first seven remuneration amounts (A+B+C+D+E+F+G) |   |
|  | The Company   | All companies included in the financial statements of the Company H | The Company  | All companies included in the financial statements of the Company I |
| Below NT\$ 1,000,000                                     | 6, 7, 8, 9  | 6, 7, 8, 9  | 6, 7, 8, 9   | 6, 7, 8, 9  |
| NT\$1,000,000 (inclusive)~NT\$2,000,000                  | 2, 3, 4, 5  | 3, 4, 5   | 2, 3, 4, 5   | 3, 4, 5   |
| NT\$2,000,000 (inclusive)~NT\$3,500,000                  |   | 2   |  |   |
| NT\$3,500,000 (inclusive)~NT\$5,000,000                  | 1   | 1   |  | 2   |
| NT\$5,000,000 (inclusive)~NT\$10,000,000                 |   |   |  |   |
| NT\$10,000,000 (inclusive)~NT\$15,000,000                |   |   | 1  |   |
| NT\$15,000,000 (inclusive)~NT\$30,000,000                |   |   |  | 1   |
| NT\$30,000,000 (inclusive)~NT\$50,000,000                |   |   |  |   |
| NT\$50,000,000 (inclusive)~NT\$100,000,000               |   |   |  |   |
| NT\$ 100,000,000 and above                               |   |   |  |   |
| Total  | 9 people  | 9 people  | 9 people   | 9 people  |

Note 1: Indicated by the number of each director

**\* The remunerations disclosed in this table is different from those under the income concept in the Income Tax Act, so this table is intended for information disclosure and not for tax purposes.**

## 2. Remuneration of the General Manager and Vice- General Managers (name and method of remuneration disclosed separately)

Unit: NT\$ thousand

| Title   | Name            | Salary (A)  |  | Pensions (B) |                                       | Bonuses and special disbursements (C) |                                       | Remuneration for employees (D) |       |                                       |       | Sum of A, B, C and D and as a percentage of profit after tax(%) |                                       | Compensation from reinvested enterprises other than subsidiaries and from the parent |
|---|-----------------|-------------|--|--------------|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------------|-------|---------------------------------------|-------|---|---------------------------------------|--|
|   |                 | The Company | All companies in the financial report (Note 7) | The Company  | All Companies in the Financial Report | The Company                           | All Companies in the Financial Report | The Company                    |       | All Companies in the Financial Report |       | The Company   | All Companies in the Financial Report |  |
|   |                 |             |  |              |                                       |                                       |                                       | Cash                           | Stock | Cash                                  | Stock |   |                                       |  |
| General Manager                                     | Chung-Kuo Tseng | 4,739       | 9,480  | 63           | 63                                    | 50                                    | 50                                    | 703                            | -     | 3,270                                 | -     | 2.15%   | 4.98%                                 | None   |
| Deputy General Manager, Sales Technology Department | Hsien-Jung Kuo  | 3,661       | 3,671  | 50           | 50                                    | -                                     | -                                     | 462                            | -     | 476                                   | -     | 1.61%   | 1.62%                                 | None   |
| Deputy General Manager, R&D Department (Note)       | Chin-Chung Wu   | 3,448       | 4,394  | 46           | 46                                    | -                                     | -                                     | 462                            | -     | 1,128                                 | -     | 1.53%   | 2.15%                                 | None   |

| Remuneration ranges  |  |   |
|--|--|---|
| Remuneration ranges paid to each General Manager and Vice General Manager of the Company | Names of General Manager and vice General Managers |   |
|  | The Company  | All companies in the financial report E |
| Below NT\$ 1,000,000   |  |   |
| NT\$1,000,000 (inclusive) to NT\$2,000,000   |  |   |
| NT\$2,000,000 (inclusive) to NT\$3,500,000   |  |   |
| NT\$3,500,000 (inclusive) to NT\$5,000,000   | Hsien-Jung Kuo and Chin-Chung Wu                   | Hsien-Jung Kuo and Chin-Chung Wu        |
| NT\$5,000,000 (inclusive) to NT\$10,000,000  | Chung-Kuo Tseng                                    |   |
| NT\$10,000,000 (inclusive) to NT\$15,000,000   |  | Chung-Kuo Tseng                         |
| Total  | 3 people   | 3 people                                |

Note: Chin-Chung Wu, Deputy General Manager of the Sales Department, was reassigned as Deputy General Manager of the R&D Department on April 1, 2025.

**\* The remunerations disclosed in this table is different from those under the income concept in the Income Tax Act, so this table is intended for information disclosure and not for tax purposes.**

**3. Names of managers distributed with employees' remuneration and the distribution status:**

March 31, 2026 Unit: NT\$ thousand

|          | Title  | Name               | Stock | Cash<br>(Note 1) | Total | Total as a<br>percentage of<br>profit after tax<br>(%)<br>(Note 2) |
|----------|--|--------------------|-------|------------------|-------|--|
| Managers | General Manager  | Chung-Kuo<br>Tseng | 0     | 2,141            | 2,141 | 0.83%  |
|          | Deputy General<br>Manager, Sales<br>Technology<br>Department | Hsien-Jung<br>Kuo  |       |                  |       |  |
|          | Deputy General<br>Manager, R&D<br>Department (Note 3)        | Chin-Chung<br>Wu   |       |                  |       |  |
|          | Assistant Manager,<br>Sales Department<br>(Note 4)           | Chih-Hung<br>Chen  |       |                  |       |  |
|          | Assistant Manager,<br>Financial Department                   | Li-Ling Su         |       |                  |       |  |

Note 1: It refers to the employees' remuneration proposal for 2025, which was approved by the Board of Directors on March 11, 2026 and the proposed employees' remuneration is NT\$21,173 thousand.

Note 2: It is calculated based on the amount of profit after tax of NT\$258,550 thousand in 2025.

Note 3: Chin-Chung Wu, Deputy General Manager of the Sales Department, was reassigned as Deputy General Manager of the R&D Department on April 1, 2025.

Note 4: The Company internally promoted Chih-Hung Chen, Sales Department Manager, to Assistant Manager of the Sales Department on August 6, 2025.

**(IV) Compare and explain the analysis of the total amount of remuneration paid by the Company and all companies in the consolidated financial statements to the Company’s directors, supervisors, General Manager and Deputy General Managers in the last two years as a percentage of the profit after tax of the individual or entity financial report, and explain the remuneration policies standards and packages, procedures for setting remuneration and the relationship with business performance and future risks**

**1. Total amount of remuneration paid by the Company to directors, supervisors, the General Manager and vice General Managers in the past two years**

| Item<br>Remuneration<br>of all<br>directors for<br>the year                                       | The Company    |  |                |  | All companies included in the consolidated<br>statements |  |                |  |
|---|----------------|--|----------------|--|--|--|----------------|--|
|   | 2025           |  | 2024           |  | 2025   |  | 2024           |  |
|   | Total          | Proportion<br>of net profit<br>after tax | Total          | Proportion<br>of net profit<br>after tax | Total  | Proportion<br>of net profit<br>after tax | Total          | Proportion<br>of net profit<br>after tax |
| Remuneration<br>of all<br>directors for<br>the year   | 17,467         | 6.76%                                    | 20,631         | 6.46%                                    | 28,153   | 11.33%                                   | 30,391         | 9.55%                                    |
| Remuneration<br>of the<br>General<br>Manager<br>and Deputy<br>General<br>Managers for<br>the year | 13,683         | 5.29%                                    | 13,717         | 4.29%                                    | 22,627   | 9.11%                                    | 21,646         | 6.80%                                    |
| Net income<br>after tax   | <b>258,550</b> | -  | <b>319,549</b> | -  | <b>248,449</b>   | -  | <b>318,343</b> | -  |

## **2. The Company's remuneration policy, standards and packages, procedures of setting remuneration, and the relationship with business performance and future risks**

### **(1) Remuneration Policy, Standards, and Structure**

#### **A. Directors' Remuneration:**

##### **a. As stipulated in the Articles of Incorporation:**

Article 17: Directors' remuneration is determined by the Remuneration Committee based on their level of participation and contribution to the Company, with reference to industry standards, and submitted to the Board for approval.

Article 20-1: The Company shall allocate 3%–7% of annual profits as employee remuneration, of which no less than 2% shall be distributed to grassroots employees, and no more than 3% as directors' remuneration. Any accumulated losses shall be offset first. Directors' remuneration must be approved by a resolution of the Board (with at least two-thirds attendance and a majority vote) and reported to the shareholders' meeting.

b. Independent directors receive fixed remuneration only and do not participate in profit-based directors' remuneration.

c. The Company conducts regular evaluations of directors' remuneration in accordance with the Board Performance Evaluation Policy, with performance assessments and remuneration reviewed by the Remuneration Committee and the Board.

#### **B. The remuneration of the Company's manager is governed by its salary policies, which clearly define various allowances and bonuses to recognize and reward employees' contributions. Such bonuses are determined based on the Company's annual operating performance, financial condition, overall business results, and individual performance. In addition, if the Company records a profit in a given year, it shall allocate 3% to 7% of profits as employee remuneration in**

accordance with Article 20-1 of the Articles of Incorporation, of which no less than 2% shall be distributed to grassroots employees. Manager remuneration are determined with reference to the results of annual departmental performance evaluations. The performance assessment criteria for manager include both financial indicators (revenue, gross margin targets, accounts receivable turnover days, borrowing cost achievement, and debt ratio) and non-financial indicators (short, medium, and long-term planning and execution, operational management capabilities, and new customer development), which together form the basis for calculating performance-based remuneration.

#### **C. The Company's remuneration package, as stipulated in the Organization Regulations of the Remuneration Committee, includes cash compensation, stock options, profit sharing, retirement benefits or severance payments, various allowances, and other substantial incentive measures. The scope is consistent with the items required to be disclosed in the annual report for publicly listed companies regarding directors' and managers' compensation.**

### **(2) Procedures for Determining Remuneration:**

A. The Company determines remuneration based on the "Board Performance Evaluation Policy" and the "Employee Remuneration Policy," using them as the basis for evaluation and linking compensation to the Company's overall operating performance to ensure reasonable remuneration.

B. The performance evaluation and the reasonableness of remuneration for directors and manager are reviewed annually by the Remuneration Committee and the Board of Directors. The actual remuneration paid to directors and manager for 2025 was reviewed by the Remuneration Committee and subsequently approved by the Board.

(3) Relationship with Operating Performance and Future Risks:

- A. The Company reviews its remuneration policies, standards, and systems primarily based on its overall operating performance. Remuneration levels are determined in consideration of performance achievement and contribution, with the aim of enhancing the effectiveness of the Board and management team. Industry benchmarks are also referenced to ensure that the Company's management compensation remains competitive, thereby retaining qualified managerial talent.
- B. The performance objectives of management incorporate risk management considerations, ensuring that potential risks within their scope of responsibility are effectively managed and mitigated. Compensation is determined based on actual performance evaluation results and is aligned with relevant human resource and remuneration policies. Key management decisions are made after a balanced assessment of various risk factors, and the outcomes of such decisions are reflected in the Company's profitability. Accordingly, manager remuneration is closely linked to both operating performance and risk management effectiveness.

### III. Implementation of Corporate Governance

#### (I) Operation Status of the Board of Directors:

A total of 5 Board of Directors meetings were held in the most recent year and the directors' attendance records are as follows:

| Title                | Name   | Actual frequency of attendance (being seated) in meetings (B) | Frequency of attendance through proxy | Actual attendance (seated) rate (%) [B/A] | Note                          |
|----------------------|--|---|---------------------------------------|---|-------------------------------|
| Chairman             | Chung-Kuo Tseng  | 5   | 0                                     | 100%                                      | Re-elected on May 28, 2024    |
| Director             | Rung-Pin Yeh   | 4   | 1                                     | 80%                                       | Re-elected on May 28, 2024    |
| Director             | Wen-Chi Ko   | 5   | 0                                     | 100%                                      | Re-elected on May 28, 2024    |
| Director             | Hua Hong Industrial Co., Ltd.<br>Representative:<br>Yu-Fen, Huang              | 5   | 0                                     | 100%                                      | Newly elected on May 28, 2024 |
| Director             | Chi-Tseng Peng,<br>Representative of<br>TECO Electric &<br>Machinery Co., Ltd. | 5   | 0                                     | 100%                                      | Re-elected on May 28, 2024    |
| Independent director | Yean-Der Kuan  | 5   | 0                                     | 100%                                      | Re-elected on May 28, 2024    |
| Independent director | Li-Rong Hong   | 5   | 0                                     | 100%                                      | Newly elected on May 28, 2024 |
| Independent director | Wen-An Yang  | 5   | 0                                     | 100%                                      | Newly elected on May 28, 2024 |
| Independent director | Ming-Bing Chen   | 5   | 0                                     | 100%                                      | Newly elected on May 28, 2024 |

| Independent directors attendance was as follow. (●: attendance in person ☉: Proxy ※: Absent) |             |             |             |             |             |                            |
|--|-------------|-------------|-------------|-------------|-------------|----------------------------|
| The most recent year   | 1st session | 2nd session | 3rd session | 4th session | 5th session | Notes                      |
| Yean-Der Kuan  | ●           | ●           | ●           | ●           | ●           | Re-elected on May 28, 2024 |
| Li-Rong Hong   | ●           | ●           | ●           | ●           | ●           | Re-elected on May 28, 2024 |
| Wen-An Yang  | ●           | ●           | ●           | ●           | ●           | Re-elected on May 28, 2024 |
| Ming-Bing Chen   | ●           | ●           | ●           | ●           | ●           | Re-elected on May 28, 2024 |

Other mandatory disclosures:

I. For any Board of Directors that has any of the following circumstances, state the date, the session number, the contents of the motion, all independent directors' opinions, and the Company's response to independent directors' opinions:

(I) Conditions listed in Article 14-5 of the Securities and Exchange Act:

| Date of meeting (session)                                  | Motion   | All independent directors' opinions and the Company's response to independent directors' opinions |
|--|--|---|
| May 7, 2025<br>(The 6th meeting of the 15th session)       | 1. Approved the Company's consolidated financial statements for the first quarter of 2025.<br>2. Approved the Company's significant accounts receivable that exceed the normal credit period that are not treated as loans   | The independent directors have no objection or reservation.                                       |
| August 6, 2025<br>(The 7th meeting of the 15th session)    | 1. Approved the Company's consolidated financial statements for the second quarter of 2025.<br>2. Approved the Company's significant accounts receivable that exceed the normal credit period that are not treated as loans.   | The independent directors have no objection or reservation.                                       |
| November 6, 2025<br>(The 8th meeting of the 15th session)  | 1. Approved the Company's consolidated financial statements for the third quarter of 2025.<br>2. Amendments to certain provisions of the Company's internal control system – payroll cycle.  | The independent directors have no objection or reservation.                                       |
| December 17, 2025<br>(The 9th meeting of the 15th session) | 1. Approved the internal audit plan for 2025.<br>2. Approved amendments to certain provisions of the Company's internal control system related to information security operations.<br>3. Approved the principles and estimated amounts for year-end bonuses for managers for 2025.<br>4. Approved the policies, systems, standards, and structures for the 2026 performance evaluation and remuneration of directors and managers. | The independent directors have no objection or reservation.                                       |

| Date of meeting (session)                                | Motion   | All independent directors' opinions and the Company's response to independent directors' opinions |
|--|--|---|
| March 11, 2026<br>(The 10th meeting of the 15th session) | <ol style="list-style-type: none"> <li>1. Approved the Company's 2025 Business Report and Financial Statements.</li> <li>2. Approved the 2025 Earnings Distribution Proposal.</li> <li>3. Approved the 2025 Internal Control System Effectiveness Assessment and the issuance of the Internal Control System Statement.</li> <li>4. Approved the evaluation of the independence and suitability of the certified public accountants for 2026.</li> <li>5. Approved the engagement of certified public accountants for 2026.</li> <li>6. Approved the Company's proposed cash capital reduction to return capital to shareholders.</li> <li>7. Approved the Company's significant accounts receivable that exceed the normal credit period that are not treated as loans</li> </ol> | <p>The independent directors have no objection or reservation.</p>                                |

(II) Other than the aforementioned matters, matters resolved by the Board of Directors but with objections or reservations of independent directors with written records or statements in place: None.

II. For the recusal of directors due to conflicts of interests, clearly state the director's name, contents of the motion, the reason for interest avoidance and the participation in voting:

The 9th meeting of the 15th Board of Directors' Meeting (December 17, 2025)

Director's name: Chairman Chung-Kuo Tseng

Motion: Principles and estimated amounts for year-end bonuses for managers for 2025.

The reason for interest avoidance and the participation in voting: personal interests in the case, and needed to withdraw from the meeting during discussion and voting. Other than the non-participation of Chairman Chung-Kuo Tseng in the voting of this case, Independent Director Li-Rong Hong presided over the case on behalf of the Chairman, and the rest of the attending directors passed the proposal without dissent.

Director's name: Chairman Chung-Kuo Tseng

Motion: Policies, systems, standards, and structures for the 2026 performance evaluation and remuneration of directors and managers.

The reason for interest avoidance and the participation in voting: personal interests in the case, and needed to withdraw from the meeting during discussion and voting. Other than the non-participation of Chairman Chung-Kuo Tseng in the voting of this case, Independent Director Li-Rong Hong presided over the case on behalf of the Chairman, and the rest of the attending directors passed the proposal without dissent.

The 10th meeting of the 15th Board of Directors' Meeting (March 11, 2026)

Name of Directors: Chung-Kuo Tseng, Chairman of the Board, Directors: Wen-Chi Ko, Yu-Fen Huang, Chi-Tseng Peng

Motion: The Company's 2025 Annual Employee Remuneration and Directors' and Supervisors' Remuneration Distribution.

The reason for interest avoidance and the participation in voting: personal interests in the case, and needed to withdraw from the meeting during discussion and voting. Except

for Chung-Kuo Tseng, Chairman of the Board, Directors: Wen-Chi Ko, Yu-Fen Huang, Chi-Tseng Peng, who were recused from voting on this case due to their conflict of interest, Li-Rong Hong, Independent Director, Acting Chairman, was appointed to preside over this case, and the rest of the Directors present passed without objection.

III. TWSE/TPEX listed companies are required to disclose the cycle, duration, scope, method, and contents of the Board of Directors performance self (or peer) evaluation, and complete the execution status of Board of Directors performance evaluation in the table below. Execution Status of Board Evaluation:

The results of the 2025 internal performance evaluation of the Board of Directors and functional committees were reported to the Board on March 11, 2026, and the evaluation results were rated as good.

| Evaluation Cycle | Evaluation duration | Evaluation scope       | Evaluation method             | Evaluation content   | Evaluation result |
|------------------|---------------------|------------------------|-------------------------------|--|-------------------|
| Annually         | 2025/1/1~2025/12/31 | Board of Directors     | Self-assessment questionnaire | Including 5 major aspects of its participation in the Company's operation, improvement of the decision-making quality of Board of Directors, composition and structure of the Board, selection and continuous training of directors, and internal control, for a total of 45 evaluating indicators.                                    | Positive          |
|                  |                     | Individual Directors   | Self-assessment questionnaire | Including 6 major aspects of the individual director's mastery of the Company's objectives and tasks, recognition of responsibilities, participation in the Company's operation, internal relationship management and communication, expertise and continuous learning, and internal control, for a total of 23 evaluating indicators. | Positive          |
|                  |                     | Audit Committee        | Self-assessment questionnaire | Including the 5 major aspects of participation in the Company's operation, recognition of the responsibilities, improvement of the decision-making quality of the committee, composition and members selection of the committee, and internal control, for a total of 23 evaluating indicators.  | Positive          |
|                  |                     | Compensation Committee | Self-assessment questionnaire | Including the 5 major aspects of participation in the Company's operation, recognition of the responsibilities, improvement of the decision-making quality of the committee, composition and members selection of the committee, and internal control, for a total of 23 evaluating indicators.  | Positive          |

IV. Assessment of the goals and execution status of enhancing the functions of the Board of Directors in the current and recent years (such as establishing an audit committee, improving information transparency, etc.).

1. The Company has established the “Rules of Procedure for Board of Directors Meetings” in accordance with the “Regulations Governing Procedure for Board of Directors’ Meetings of Public Companies” for compliance and has entered the attendance of directors at board meetings on the Market Observation Post System and disclosed the resolutions of board meetings on the Company’s website. In addition, the Company has taken out liability insurance for the directors.
2. On July 20, 2021, the Audit Committee was formally established, consisting of four independent directors, and the supervisor system was abolished. In order to strengthen the corporate governance function of the Board of Directors, the operations of the Board of Directors is supervised in accordance with the “Rules Governing the Duties and Responsibilities of Independent Directors.”
3. The Company’s proposals that should be submitted to the Audit Committee for approval before submission to the Board of Directors for resolution under the Company Act and the Securities and Exchange Act have been approved by the Audit Committee and submitted to the Board of Directors for resolution and execution.
4. On December 27, 2022, the Board of Directors approved the establishment of a corporate governance officer to assist directors in complying with regulations, conducting board meetings and shareholders’ meetings in accordance with the law, and providing directors with information necessary for the execution of their business, in order to enhance the effectiveness of the Board of Directors.
5. In order to continuously improve the professional knowledge and legal literacy of directors and to assist the effective operation of the Board of Directors, the Company arranges annual training courses for directors in accordance with the law.
6. In order to properly respond to the relevant issues of concern to stakeholders and understand their reasonable expectations and needs, the Company has assigned various departments to be responsible for communication with stakeholders. The communication status with various stakeholders in 2025 has been reported to the board of directors on March 11, 2026.

## **(II) State of operations of the Audit Committee or participation of supervisors in the operations of the Board of Directors**

### 1. Operations of the Audit Committee:

In order to improve corporate governance and strengthen the professional functions of the Board of Directors, the Company established an Audit Committee after the re-election at the General shareholders' meeting in July 2021. The members of the Audit Committee are composed of all independent directors (four), and all members elect an independent director as the convener and chairman of the meeting.

The main purpose of the operation of the Committee is to supervise the following matters:

- I. Proper presentation of the Company's financial statements.
- II. Selection (dismissal) and evaluation of the independence and performance of the certifying CPA.
- III. Effective implementation of the Company's internal control.
- IV. The Company's compliance with relevant laws and regulations.
- V. Control of the Company's existing or potential risks.

The Audit Committee shall hold a meeting at least once a quarter and discuss and vote on cases involving the following matters.

- I. Establishing or amending the internal control system under the provision of Article 14-1 of the Securities and Exchange Act.
- II. Assessing efficiency of the internal control system.
- III. Formulating or amending the procedures for acquisition or disposal of assets, derivative transactions, lending of funds to others, or endorsements or guarantees in accordance with Article 36-1 of the Securities and Exchange Act for.
- IV. Matters involving the director's personal interests.
- V. Major transactions of assets or derivative products.
- VI. Major extension of loans to others and endorsements/guarantees.
- VII. Placement, issuance or private placement of any securities with an equity nature.
- VIII. Appointment, dismissal or remuneration of certifying CPAs.
- IX. Appointment and dismissal of finance, accounting, or internal audit managers.
- X. Annual and semiannual financial reports.
- XI. Other material matter required by the Company or the competent authorities.

The Audit Committee held 5 meetings (A) in the most recent year and the attendance records of independent directors are as follows:

| Position             | Name           | Number of attendance in person (B) | Number of proxy attendance | Actual attendance rate (%) (B/A) | Notes |
|----------------------|----------------|------------------------------------|----------------------------|----------------------------------|-------|
| Independent director | Li-Rong Hong   | 5                                  | 0                          | 100%                             |       |
| Independent director | Yean-Der Kuan  | 5                                  | 0                          | 100%                             |       |
| Independent director | Wen-An Yang    | 5                                  | 0                          | 100%                             |       |
| Independent director | Ming-Bing Chen | 5                                  | 0                          | 100%                             |       |

Other mandatory disclosures:

I. If the Audit Committee's operation has any of the following circumstances, state the date of the meeting, the session number, the contents of the motion, independent directors' objections or reservations or the contents of their major suggestions, the Audit Committee's resolution and the Company's response to the Audit Committee's opinion.

(I) Circumstances listed in Article 14-5 of the Securities and Exchange Act:

(II) Other than the aforementioned matters, matters not approved by the Audit Committee but approved by two-thirds or more of all the directors.

A summary list of Audit Committee agendas that comply with the above (I) and (II) is as follows:

| Audit Committee   | Proposal content and subsequent handling  | Matters listed in Article 14-5 of the Securities and Exchange Act | Not passed by the Audit Committee, but approved by two-thirds or more of all the directors. |
|---|---|---|---|
| 2025.05.07<br>The 5th<br>Audit<br>Committee<br>Meeting of<br>the 2nd<br>Session | Significant accounts receivable that exceed the normal credit period that are not treated as loans                          | V   | No such situation   |
|   | The Company's consolidated financial statements for the Q1 of 2025.   | V   | No such situation   |
|   | The result of the Audit Committee's resolution: All the members of the Audit Committee agreed to pass the cases above.      |   |   |
|   | The Company's handling of the opinions of the Audit Committee: Not applicable as all members of the Audit Committee agreed. |   |   |
| 2025.08.06<br>The 6th<br>Audit<br>Committee<br>Meeting of<br>the 2nd<br>Session | Significant accounts receivable that exceed the normal credit period that are not treated as loans                          | V   | No such situation   |
|   | The Company's consolidated financial statements for the Q2 of 2025.   | V   | No such situation   |

|   |   |   |                   |
|---|---|---|-------------------|
|   | Discuss the scope of the Company's "Grassroot employees"  | V | No such situation |
|   | The result of the Audit Committee's resolution: All the members of the Audit Committee agreed to pass the cases above.      |   |                   |
|   | The Company's handling of the opinions of the Audit Committee: Not applicable as all members of the Audit Committee agreed. |   |                   |
| 2025.11.06<br>The 7th<br>Audit<br>Committee<br>Meeting of<br>the 2nd<br>Session | The Company's consolidated financial statements for the Q3 of 2025.   | V | No such situation |
|   | Amendments to certain provisions of the Company's internal control system – payroll cycle.                                  | V | No such situation |
|   | The result of the Audit Committee's resolution: All the members of the Audit Committee agreed to pass the cases above.      |   |                   |
|   | The Company's handling of the opinions of the Audit Committee: Not applicable as all members of the Audit Committee agreed. |   |                   |
| 2025.12.17<br>The 8th<br>Audit<br>Committee<br>Meeting of<br>the 2nd<br>Session | The Company's internal audit plan for 2026.   | V | No such situation |
|   | Amendments to certain provisions of the Company's internal control system related to information security operations.       | V | No such situation |
|   | The result of the Audit Committee's resolution: All the members of the Audit Committee agreed to pass the cases above.      |   |                   |
|   | The Company's handling of the opinions of the Audit Committee: Not applicable as all members of the Audit Committee agreed. |   |                   |
| 2026.03.11<br>The 9th<br>Audit<br>Committee<br>Meeting of<br>the 2nd<br>Session | Significant accounts receivable that exceed the normal credit period that are not treated as loans                          | V | No such situation |
|   | The Company's 2025 Business Report and Financial Statements.  | V | No such situation |
|   | The Company's 2025 Earnings Distribution Proposal.  | V | No such situation |
|   | The Company's 2025 Internal Control System Effectiveness Assessment and Issuance of Internal Control System Statement.      | V | No such situation |
|   | Assessment of the Independence and Competence of the Certified Public Accountants for 2026.                                 | V | No such situation |

|   |   |   |                   |
|---|---|---|-------------------|
|   | Appointment of the Company's Certified Public Accountants.                  | V | No such situation |
|   | Company's proposed cash capital reduction to return capital to shareholders | V | No such situation |
| The result of the Audit Committee's resolution: All the members of the Audit Committee agreed to pass the cases above.      |   |   |                   |
| The Company's handling of the opinions of the Audit Committee: Not applicable as all members of the Audit Committee agreed. |   |   |                   |

II. For the avoidance by independent directors due to conflicts of interests, state the independent director's name, contents of the motion, reasons for the avoidance due to conflicts of interests, and the status of participation in voting: No such situation.

III. Communication between the independent directors and the internal audit supervisor and the CPA (including the material matters, methods and results of the communication on the Company's financial and business status).

(1) Communication between the independent directors and the internal audit supervisor:

| Audit Committee                                 | Matters communicated  | Communication results        |
|---|---|------------------------------|
| The 5th Meeting of the 2nd Session (2025.05.07) | Report on the execution of auditing operations.   | Known. No other suggestions. |
| The 6th Meeting of the 2nd Session (2025.08.06) | Report on the execution of auditing operations.   | Known. No other suggestions. |
| The 7th Meeting of the 2nd Session (2025.11.06) | Report on the execution of auditing operations.   | Known. No other suggestions. |
|   | Amendments to certain provisions of the Company's internal control system – payroll cycle- report to the independent directors. | Known. No other suggestions. |
|   | Report on the execution of auditing operations.   | Known. No other suggestions. |

|   |   |  |
|---|---|--|
| The 8th Meeting of the 2nd Session (2025.12.17) | Submission and explanation of the 2026 Internal Audit Plan.   | The proposal was approved by all the members present and was submitted to the Board of Directors for resolution. |
|   | Report to the Independent Directors on the amendments to certain provisions of the Company's internal control system related to information security operations.  | The proposal was approved by all the members present and was submitted to the Board of Directors for resolution. |
| The 9th Meeting of the 2nd Session (2026.03.11) | Report on the execution of auditing operations.   | Known. No other suggestions.   |
|   | Provide an explanatory report to the independent directors on the assessment of the effectiveness of the Company's internal control system and the issuance of the statement of internal control system for 2025. | The proposal was approved by all the members present and was submitted to the Board of Directors for resolution. |

(2) Communication between the independent directors and the CPA:

| Forum        | Matters communicated  | Communication results        |
|--------------|---|------------------------------|
| (2025.11.06) | Report to independent directors on the following items:<br>(1) Communication plan.<br>(2) The role and responsibilities of the lead CPA.<br>(3) Review plan.<br>(4) Independence of the CPA.<br>(5) Quality management system of CPA firm | Known. No other suggestions. |
| (2026.03.11) | Report to independent directors on the following items:<br>(1) Scope and significance of audit<br>(2) Audit report and key audit matters<br>(3) Other communication matters<br>(4) Independence of the CPA.                               | Known. No other suggestions. |

**(III) The operation status of corporate governance, differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons.**

| Assess criteria  | Implementation Status |    |  | Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Summary  |   |
| I. Does the Company follow the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?  | v                     |    | The Company’s “Corporate Governance Best Practice Principles” was discussed and approved at the 21st Board of Directors’ Meeting of the 11th Session (April 16, 2015), and was amended and approved by the Board of Directors for the fifth time on August 8, 2023. Information about the “Corporate Governance Best Practice Principles” and related important rules and regulations or their operation is available on the Company’s website or on the Market Observation Post System. | In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.                |
| II. Shareholding structure and shareholders’ equity<br>(I) Does the Company have internal operating procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? | v                     |    | (I) The Company has a spokesman, a deputy spokesman and stock affairs staff to properly handle shareholder suggestions, doubts, disputes, litigation and other related issues.   | In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.                |
| (II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have   | v                     |    | (II) The Company regularly reviews the list of the major shareholders who actually control the Company and those who ultimately control the major shareholders.  |   |

|  |                   |  |   |  |
|--|-------------------|--|---|--|
| <p>control over the major shareholders?</p> <p>(III) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?</p> <p>(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?</p> | <p>v</p> <p>v</p> |  | <p>(III) In accordance with the “Supervision and Management of Subsidiaries”, “Management of Transactions of Related Persons” and “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties” the Company has clearly defined the rights and responsibilities of personnel, assets and financial management among the affiliated enterprises and regularly audits the accounting and internal control systems of affiliated enterprises and has established appropriate risk control and firewall mechanisms.</p> <p>(IV) The Company established the “Corporate Governance Best Practice Principles” in 2015, which was amended for the fifth time at the 13th Board of Directors’ Meeting of the 14th Session (August 8, 2023) and which took effect. Article 10 stipulates: “The Company shall establish internal regulations to prohibit insiders from trading securities using non-public privileged information” and “Directors (including independent directors) of the Company shall not trade their shares during the closed-book period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report. “In addition, the Company’s internal regulations, such as the “Procedures for Handling Material Internal Information” and the “Procedures and Conduct Guidelines for Integrity Management,” contain explicit provisions prohibiting insiders from trading marketable securities using undisclosed information in the market.</p> |  |
| <p>III. Composition and responsibilities of the Board of Directors</p>   |                   |  |   |  |

|  |          |   |   |
|--|----------|---|---|
| <p>(I) Has the Board of Directors formulated diversification policies and specific management objectives and implemented them?</p> | <p>v</p> | <p>(I) The Company implements a policy of diversity of Board of Directors members, and the “Corporate Governance Best Practice Principles” governs the policy of diversity of Board of Directors members, including but not limited to the following two major criteria:</p> <p>(1) Basic conditions and values: gender, age, nationality, race and culture, etc.;</p> <p>(2) Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills and industry experience.</p> <p>Management Objectives: directors and independent directors shall not serve as directors of more than five listed companies at the same time; the number of independent directors on the board of directors shall exceed one-third of the board of directors and independent directors shall serve no more than three consecutive terms; the number of directors who are also managerial officers of the Company shall not exceed one-third of the members of the Board of Directors. More than half of the directors shall not be related to each other as spouses or relatives within the second degree of kinship.</p> <p>Implementation: The 15th Board of Directors of the Company consists of 9 members (including 4 Independent Directors), all of whom possess diverse and complementary industry experience as well as expertise in finance and accounting. Among the current Board members, 3 have professional backgrounds in finance and accounting, 5 have practical experience in the refrigeration and air-conditioning industry, and 1 is an academic with specialization in refrigeration and air-conditioning. The Company emphasizes three core competencies — business judgment, management capabilities, and crisis management abilities — and more than two-thirds of the members possess these core competencies, fully achieving the goal of board diversity. In addition, the current Board includes 2 female Directors (accounting for 22%), 4 Independent Directors (accounting for 44%, among whom 3 have served for 2 terms</p> | <p>In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p> |
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| <p>(II) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company set up other functional committees?</p> <p>(III) Does the Company establish a methodology for evaluating the performance of its board of directors, implemented it on an annual basis, and submit the evaluation result to the Board of Directors and use it as a reference for individual director's remuneration and nomination for reappointment?</p> | <p>v</p> <p>v</p> | <p>and 1 has served for 3 terms), and 2 Corporate Director (accounting for 22%). Furthermore, only two Board members are spouses, and there are no other familial relationships within the second degree among the members. The Board members actively participate in meetings, with the attendance rate for the 15th term in 2025 reaching 100%, ensuring effective supervision and understanding of the execution of the Company's operational plans.</p> <p>(II) The Company has established a Compensation Committee and an Audit Committee in accordance with the law, and the establishment of a Sustainability Development Committee was discussed and approved at the 15th Board of Directors' 2nd meeting on August 6, 2024.</p> <p>(III) In order to implement corporate governance and improve the functions of the Board of Directors of the Company, and establish performance objectives to enhance the operational efficiency of the Board of Directors, the Company has formulated the "Performance Evaluation Measures of the Board of Directors". The measurement items for the overall performance evaluation of the Board of Directors include the following five aspects:</p> <p>I. Degree of participation in company operation.<br/> II. Improvement of the quality of the decision making of the Board of Directors.<br/> III. Composition and structure of the Board of Directors.<br/> IV. Election and continuing education of the directors.<br/> V. Internal control.</p> <p>The measurement items for the performance evaluation of the board members include at least the following six aspects:</p> <p>I. Awareness of the Company's goals and mission.<br/> II. Awareness of directors' duties and responsibilities.<br/> III. Degree of participation in company operation.<br/> IV. Management of internal relationship and communication.<br/> V. Expertise of directors and continuing study.</p> | <p>In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p> <p>In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p> |
|--|-------------------|--|---|

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| <p>(IV) Does the Company regularly evaluate the CPAs' independence?</p> | <p>v</p> | <p>VI. Internal control.<br/> The measurement items of the performance evaluation of the functional committee include the following five aspects:<br/> I. Participation in the Company's operations.<br/> II. Awareness of the duties of the functional committee.<br/> III. Improvement of quality of decisions by the functional committee.<br/> IV. Composition and election of the functional committee.<br/> V. Internal control.<br/> The self-evaluation method is adopted for the Board of Directors of the Company, which is implemented once a year. The evaluation methods include the internal performance evaluation of the board of directors, the performance evaluation of the directors, and the performance evaluation of the functional committee. In 2025, the board of directors operates with good efficiency, each functional committee performs its functions effectively, and the evaluation results perform well. The above performance evaluation report of the Board of Directors has been submitted to the 10th meeting of the 15th Board of Directors (2026.3.11) and is used as a reference for the salary, remuneration, nomination and renewal of each directors; the content was also posted on the Company's website.</p> <p>(IV) In accordance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company conducts an annual evaluation of the independence and suitability of its external auditors. The most recent evaluation of the appointed auditors was reviewed and approved by the Audit Committee and the Board of Directors on March 11, 2026. The Company referenced PWC's latest audit quality indicators (AQI) and assessed the auditors across 5 key dimensions and 13 indicators, including professional competence, quality control, independence, oversight, and innovation capabilities, in order to evaluate their independence and suitability. The detailed assessment is as follows:</p> | <p>In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p> |
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|  |   |  | <p>Summarize the evaluation results through the competency questionnaire, and the evaluation items are:</p> <ul style="list-style-type: none"> <li>■ Has the certifying CPA serves as a director of the Company or its affiliated enterprises?</li> <li>■ Is the certifying CPA a shareholder of the Company or its affiliated enterprises?</li> <li>■ Does the certifying CPA receive a salary payment from the Company or its affiliated enterprises?</li> <li>■ Has the certifying CPA confirmed that his/her affiliated accounting firm has followed the relevant independence standards?</li> <li>■ Has any of the CPAs of the accounting firm to which the certifying CPA belongs served as a director or manager of the Company or a position that has a significant impact on the audit case within one year after resignation?</li> <li>■ Has the certifying CPA provided audit services for the Company for seven consecutive years?</li> <li>■ Does the certifying CPA meet the requirements of independence in the Statement of Professional Ethics for Accountants No. 10?</li> </ul> |   |
| <p>IV. Has the TWSE/TPEX listed company allocated an adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, the convention of Board of Directors and shareholder meetings, and preparation of board/shareholder meeting minutes)?</p> | v |  | <p>The Company established the Corporate Governance Task Force on December 27, 2016 at the 11th meeting of the 12th Session of the Board of Directors to be responsible for corporate governance-related matters, and resolved at the 10th meeting of the 14th Session of the Board of Directors (December 27, 2022) to approve Ms. Li-Ling Su, Associate Manager, as the head of corporate governance of the Company. Ms. Li-Ling Su has more than three years of experience in legal compliance and financial management in public companies, and her main duties are to supervise the operation of corporate governance, including:</p> <ol style="list-style-type: none"> <li>1. Handle matters related to board of directors and shareholders' meetings in accordance with the regulation.</li> <li>2. Prepare minutes of board of directors and shareholders meetings.</li> <li>3. Assist directors in their appointment and continuing education.</li> <li>4. Provide directors with the information they need to carry out their business.</li> </ol>                                      | <p>In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p> |

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|  |   |  | <p>5. Assist directors to comply with laws and regulations.</p> <p>6. Report to the board of directors the results of its review of whether independent directors comply with relevant laws and regulations at the time of nomination, election and during their term of office.</p> <p>7. Handle matters related to director changes.</p> <p>8. Other matters stipulated in the company's articles of association or contract, etc.</p>   |  |
| V. Does the Company establish a means of communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' concerns on corporate social responsibilities? | v |  | The Company has set up spokespersons and acting spokespersons to handle relevant matters, and has set up a stakeholder area on the company's website (Kun Ling Website\Sustainable Management\Sustainable Commitment\ Stakeholder Consultation and Communication), and lists the names and names of the persons in charge of each business communication channel. Contact information to facilitate the connection of various businesses and smooth communication with stakeholders. | In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies. |
| VI. Does the Company engage a share transfer agency to handle shareholder meeting affairs?   | v |  | The Company entrusts the Stock Affairs Agency Department of Yuanta Securities Co., Ltd. to handle matters related to the shareholders' meeting. Stock Agent: Stock Agent Department of Yuanta Securities Co., Ltd. (Tel: 886-2-2586-5859, Address: B1, 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.)   | In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies. |
| VII. Information disclosure  |   |  |  |  |
| (I) Has the Company set up a website to disclose finance and business matters and corporate governance information?  | v |  | (I) Our company has set up a website to disclose information on financial operations and corporate governance. The URL for the Company's website is <a href="http://www.kuenling.com.tw">www.kuenling.com.tw</a> ."  | In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed            |
| (II) Does the Company use other information disclosure channels (e.g. setting up an English-   | v |  | (II) The Company has dedicated personnel to report various public information to the "MOPS" regularly and irregularly in accordance with regulations, and has set up spokespersons   | Listed   |

|   |   |  |   |
|---|---|--|---|
| <p>language website, designating staff to handle information collection and disclosure, implementing the spokesman system, webcasting briefings to corporate investors, etc.)?</p> <p>(III) Does the Company publish and make the official filing of the annual financial report within two months after the end of each accounting period, and announce and file Q1, Q2 and, Q3 financial reports along with monthly business performance before the designated due dates?</p>     | v | <p>and acting spokespersons. In addition, the Company website also has a special area for earning calls.</p> <p>(III) The Company announces and files its annual financial report, quarterly financial report and monthly operating conditions in compliance with relevant regulations:</p> <ol style="list-style-type: none"> <li>1. After the end of each fiscal year, the Company announces and files the annual financial report information within three months before the deadline. The annual financial report for 2025 was uploaded on March 15, 2026.</li> <li>2. After the end of the first quarter, the second quarter and the third quarter of each year, the Company announces and files the financial report information within 45 days before the deadline.</li> <li>3. The Company announces and files the operation of the previous month before the 10th of each month.</li> </ol>   | <p>Companies.</p> <p>Minor difference with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, but still complies with the provisions of the Securities and Exchange Act.</p> |
| <p>VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?</p> | v | <ol style="list-style-type: none"> <li>1. Employee Benefits: In addition to providing labor insurance, health insurance, and retirement plans, the Company offers group insurance, regular health checks, various education and training programs, and maintains channels for employee grievances to safeguard employee rights.</li> <li>2. Employee Care: Apart from offering year-end bonuses and employee dividends, the Company has established a workers' welfare committee to promote various welfare measures and activities.</li> <li>3. Investor Relations: All relevant operational information of the Company is reported to the MOPS or posted on the Company's website. Additionally, a section dedicated to investor relations is set up on the Company's website, including contact information for spokespersons, stock agents, etc., to establish communication channels with investors.</li> <li>4. Supplier Relations: Quarterly evaluations are conducted on suppliers to ensure that the quality, price, and delivery terms of</li> </ol> | <p>In compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p>   |

|  |  |   |  |
|--|--|---|--|
|  |  | <p>the supplies meet the Company's requirements, thereby establishing a cooperative relationship.</p> <ol style="list-style-type: none"> <li>5. Rights of Stakeholders: The Company has a dedicated investor service area on its website to disclose operational information and address investor queries. Contact information for spokespersons, stock agents, etc., is provided for direct communication. The company also has an audit reporting mailbox to encourage employees to report illegal or irregular activities.</li> <li>6. Directors' Continuing Education: The Company periodically provides information on various training courses for directors, and information on director participation in courses is reported on the MOPS.</li> <li>7. Implementation of Risk Management Policies and Risk Measurement Standards: The Company's risk management is divided into three levels: the first involves operational units and staff responsible for initial risk detection, evaluation, and control. The second level is led by the general manager or chairman of the board, responsible for feasibility assessments and various risk assessments. The third level involves review by the audit department and deliberation by the board of directors. Audit personnel have completed various audit tasks for the fiscal year 2025, and the audit results show effective internal control design and implementation, with all environmental indicators controlled at low risk levels.</li> <li>8. Implementation of Customer Policies: Apart from proactively contacting customers through business departments, the company clearly introduces product specifications and related information on its website, and establishes contact phone numbers for various service outlets to maintain smooth communication channels with customers.</li> <li>9. Purchase of Liability Insurance for Directors and Supervisors: Since the fiscal year 2016, the Company has purchased liability insurance for directors and supervisors annually.</li> </ol> |  |
| <p>IX. Please explain what has been improved on the results of the corporate governance evaluation issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and the proposals of priority enhancements and measures for those that have not</p> |  |   |  |

yet improved. The improvement of the Company's corporate governance evaluation results released in the most recent year 2025 is described as follows: The Company conducted a self-assessment of corporate governance in 2025, and the evaluation results were [36%-50%] in the [TPEX-Listed Company Group]. The Company adheres to the spirit of excellence and convenes meetings among relevant regional departments from time to time to continuously promote and optimize relevant indicators, especially on strengthening information disclosure and providing more transparent information and effective communication channels.

## (IV) Composition, responsibilities and operation of the Remuneration Committee

### I. Information of Compensation Committee members

#### (1) Information of Compensation Committee Members

March 31, 2026

| Identity type                   |                | Criteria   | Professional qualifications and experience                                     | Independence status | Number of positions as Compensation Committee member in other public companies |
|---------------------------------|----------------|--|--|---------------------|--|
| Name                            |                |  |  |                     |  |
| Independent director (Convener) | Li-Rong Hong   | Please refer to page 20 for the relevant content of Directors' Information (1) | Please refer to page 20 for the relevant content of Directors' Information (1) |                     | 1  |
| Independent director            | Yean-Der Kuan  |  |  |                     | 0  |
| Independent director            | Wen-An Yang    |  |  |                     | 2  |
| Independent director            | Ming-Bing Chen |  |  |                     | 0  |

### II. Information on the operation status of the Compensation Committee

(I) There are 4 members on the Compensation Committee of the Company.

(II) Term of office of the current members: From May 28, 2024 to May 27, 2027. In the most recent year, the Compensation Committee held 3 meetings (A) and the qualifications and attendance status of the members are as follows:

| Position   | Name           | Number of attendance in person (B) | Number of proxy attendance | Actual attendance rate (%) (B/A) (Note) | Notes                      |
|------------|----------------|------------------------------------|----------------------------|---|----------------------------|
| (Convener) | Li-Rong Hong   | 3                                  | 0                          | 100%                                    | Re-elected on May 28, 2024 |
| Member     | Yean-Der Kuan  | 3                                  | 0                          | 100%                                    | Re-elected on May 28, 2024 |
| Member     | Wen-An Yang    | 3                                  | 0                          | 100%                                    | Re-elected on May 28, 2024 |
| Member     | Ming-Bing Chen | 3                                  | 0                          | 100%                                    | Re-elected on May 28, 2024 |

Other mandatory disclosures:

I. If the Board of Directors does not adopt or amend the suggestion of the Compensation Committee, state the date, session number, content of the motion, resolution of the Board of Directors and the Company's handling of the opinions of the Compensation Committee (if the remuneration passed by the Board of Directors is superior to the suggestion of the Compensation Committee, state the difference and the reason): None

II. For the resolutions of the Compensation Committee, if any member has an objection or reservation with the record or written statement in place, state the date of the Compensation Committee meeting, the session number, the contents of the motion, the opinions of all members and the handling of member opinions:

| Compensation Committee         | Date of meeting | Proposal content and subsequent handling  | Results of Resolutions                       | The Company's handling of the opinions of the Compensation Committee                 |
|--------------------------------|-----------------|---|--|--|
| 3rd meeting of the 6th Session | 2025.08.06      | 1. Proposal for the promotion of Mr. Chih-Hung Chen, Sales Department Manager, to a managerial position and adjustment of compensation structure.   | All members of the committee agreed to pass. | Submitted to the Board of Directors on August 6, 2025 and approved by resolution.    |
| 4th meeting of the 6th Session | 2025.12.17      | 1. 2025 year-end bonus distribution principle and intended distribution plan for managers.<br>2. Reviewed the Company's policies, systems, standards and structures for evaluating the performance and remuneration of directors and managers for 2026.   | All members of the committee agreed to pass. | Submitted to the Board of Directors on December 17, 2025 and approved by resolution. |
| 5th meeting of the 6th Session | 2026.03.11      | 1. 2025 year-end bonus distribution amount adjustment for managers<br>2. Proposal for the review of the retirement benefits of Vice President Hsien-Jung Kuo.<br>3. Compensation to employees and remuneration to directors and supervisors for 2025.<br>4. 2025 Summary report of self-assessment of the Board of Directors and functional committees. | All members of the committee agreed to pass. | Submitted to the Board of Directors on March 11, 2026 and approved by resolution.    |

III. The Committee shall faithfully perform the following functions and powers with the attention of a good manager, and submit its suggestions to the Board of Directors for discussion:

1. Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers.
2. Periodically evaluate and determine the salaries of directors and managers.
3. When performing the functions and powers in the preceding paragraph, the Committee shall follow the principles below:
  - (1) For the performance evaluation and salary of directors and managers, reference shall be made to the normal level of payment in the industry, while considering the connection with personal performance, company operating performance and future risks and the rationality.
  - (2) Directors and managers should not be led to engage in any behavior that exceeds the Company's risk appetite for the pursuit of higher salaries.
  - (3) The proportion of dividends paid for the short-term performance of directors and senior managers and the timing of payment of variable salaries should be determined after considering industry characteristics and the nature of the Company's business.

The salary and compensation referred to in the two preceding paragraphs include employee remuneration, pension, severance pay, various allowances and other measures with substantial rewards.

## Information on the Members and Operation of the Sustainability Development Committee

To achieve the Company's sustainable development goals and strengthen sustainability governance, the Company resolved at the 15th Board of Directors' 2nd meeting (August 6, 2024) to establish the Sustainability Development Committee. The Committee is composed of three Directors, two of whom are Independent Directors with professional backgrounds in HVAC (Heating, Ventilation, and Air Conditioning) and financial accounting. The third member is a Director who emphasizes labor rights and has practical experience in management. The composition of the Committee meets the professional expertise requirements for sustainable development.

The operation of the Sustainability Development Committee follows the Company's Sustainability Development Committee Charter and convenes at least once a year. The Committee's responsibilities include:

1. Formulating, promoting, and strengthening the Company's sustainability policies, annual plans, and strategies.
2. Reviewing, tracking, and revising the execution and effectiveness of sustainability initiatives.
3. Supervising sustainability disclosures and reviewing the sustainability report.
4. Overseeing the execution of the Company's sustainability code of conduct and other sustainability-related tasks as resolved by the Board of Directors.

In 2025, the Sustainability Development Committee held 2 meeting. The operation details are as follows:

| Position             | Name            | Number of attendance in person (B) | Number of proxy attendance | Actual attendance rate (%) | Position                           |
|----------------------|-----------------|------------------------------------|----------------------------|----------------------------|------------------------------------|
| Chairman (Convener)  | Chung-Kuo Tseng | 2                                  | 0                          | 100%                       | New appointment on August 6, 2024. |
| Independent director | Li-Rong Hong    | 2                                  | 0                          | 100%                       | New appointment on August 6, 2024. |
| Independent director | Yean-Der Kuan   | 2                                  | 0                          | 100%                       | New appointment on August 6, 2024. |

### Other Matters to be Disclosed:

1. If the Board of Directors does not adopt or amends the recommendations of the Sustainability Development Committee, the Company shall disclose the date, meeting session, agenda content, Board resolution result, and how the Company handled the Committee's opinions: None.
2. If there are dissenting or qualified opinions from the members on the resolutions of the Sustainability Development Committee, which are recorded or provided in writing, the Company shall disclose the date, meeting session, agenda content, all members' opinions, and how the Company handled these opinions: None.

Summary of Major Resolutions of the Sustainability Development Committee in 2025:

| Sustainability Development Committee | Meeting Date | Matters  | Results   |
|--------------------------------------|--------------|--|---|
| 2nd meeting of the 1st Session       | 2025.08.06   | 1. Report on sustainability development activities for the first half of 2025.   | Known   |
|                                      |              | 2. Progress report on the 2024 greenhouse gas inventory.   | Known   |
|                                      |              | 3. Completion of the 2024 Sustainability Report.   | The motion was passed by all attending committee members. Referenced to the Board of Directors on August 6, 2025, and approved. |
| 3rd meeting of the 1st Session       | 2026.03.11   | 1. Report on sustainability development outcomes for the second half of 2025 and the work plan for 2026.   | Known   |
|                                      |              | 2. Progress report on the 2025 greenhouse gas inventory.   | Known   |
|                                      |              | 3. Progress and planning report for the 2025 Sustainability Report.  | Known   |
|                                      |              | 4. Results of stakeholder engagement in 2025, including stakeholder identification, key concerns, communication channels, and response approaches. | Known   |
|                                      |              | 5. Proposed amendments to certain provisions of the Company’s “Sustainability Development Best Practice Principles.”                               | The motion was passed by all attending committee members. Referenced to the Board of Directors on March 11, 2026, and approved. |

**(V) Implementation of sustainable development, differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons**

| Promotion items  | Status of implementation |    |  | Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|--|--------------------------|----|--|--|
|  | Yes                      | No | Summary  |  |
| I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (or one holding concurrent positions) unit to promote sustainable development, with the Board of Directors authorizing the senior management to manage the organization which is supervised by the Board of Directors? | V                        |    | <p>The Company established the "Sustainable Development Committee" with the approval of the Board of Directors on August 6, 2024, to promote various sustainable development initiatives. The Committee shall convene at least once a year, and its authorities are as follows:</p> <ol style="list-style-type: none"> <li>1. Formulating, promoting, and strengthening the Company's sustainability policies, annual plans, and strategies.</li> <li>2. Reviewing, tracking, and revising the execution and effectiveness of sustainability initiatives.</li> <li>3. Supervising sustainability disclosures and reviewing the sustainability report.</li> <li>4. Overseeing the execution of the Company's sustainability code of conduct and other sustainability-related tasks as resolved by the Board of Directors.</li> </ol> <p>To effectively implement various sustainable development initiatives, the Committee has established five working groups: the "Corporate Governance Team," "Environmental Sustainability Team," "Employee Care and Social Welfare Team," "Product Management Team," and "Customer Relations Team," composed of cross-departmental members concurrently serving. Each group is responsible for the operation, promotion, and execution of matters related to its field as well as the implementation of the Committee's resolutions. The Committee reported the execution status for 2025 and the plans for the following year to the Board of Directors on March 11, 2026.</p> | No material difference.  |

|   |          |   |                                |
|---|----------|---|--------------------------------|
| <p>II. Has the Company conducted a risk assessment on environmental, social, and corporate governance issues that are relevant to its operations and implemented risk management policies or strategies based on principles of materiality?</p> | <p>V</p> | <p>(1) Environmental protection<br/> The Company is a central system ice-water unit manufacturer, and its products are mainly ice-water units and condensing units. As global citizen, the Company deeply understands the importance of environmental sustainability. Through the introduction of environmental management systems, it minimizes the risk of environmental violations, promotes long-term resource recycling plans, implements personnel education and training, strengthens environmental awareness, and improves The efficiency of use of various resources.<br/> Relevant production operations are operated according to the ISO 14001:2015 International Environmental Management System Certification., and internal meetings are held regularly to review the implementation effectiveness. The industrial safety promotion team implements and promotes environmental policies, establishes detailed documentation, actively practices environmental protection actions and conducts related monitoring and management operations. In addition, "Hazard Identification and Risk Assessment Management Procedure" is established to analyze, review, and improve environmental impact factors, fulfilling corporate social responsibilities.</p> <p>(2) Product Liability:<br/> The Company has obtained the following certifications to ensure that its products comply with regulatory standards:<br/> ISO 9001:2015 International Quality Management System Certification.<br/> ISO 14001:2015 International Environmental Management System Certification.<br/> AHRI Product Quality Certification<br/> Energy Label from the Ministry of Economic Affairs for Ice Water Machine Units.<br/> Mechanical Safety Certification from the China United Certification Center.<br/> CRAA Certification from China CRAA.<br/> Manufacture License of Special Equipment People's Republic of China- Pressure Vessels</p> | <p>No material difference.</p> |
|---|----------|---|--------------------------------|

|   |   |  |   |                         |
|---|---|--|---|-------------------------|
|   |   |  | <p>(3) Corporate Governance:</p> <p>Regulatory Compliance:<br/>The Company adheres to regulations such as product standards, fair trade act, international trade laws, import and export laws, environmental regulations, and labor laws. Internal education and training programs are conducted to promote awareness and compliance with these regulations.</p> <p>Strengthening Director Functions:<br/>The Company plans relevant training topics for directors and provides them with updates on the latest laws, system developments, and policies. Directors are also covered by director liability insurance to protect them in cases of litigation or claims.</p> <p>Stakeholder Communication:<br/>The Company analyzes important stakeholders and their concerns, establishing various communication channels to actively engage and reduce conflicts and misunderstandings. An investor mailbox is set up, managed by a spokesperson responsible for responding to inquiries.</p> <p>The communication with various stakeholders in 2025 was reported to the Board of Directors on March 11, 2026.</p> |                         |
| <p>III. Environmental issues</p> <p>(I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?</p> | V |  | <p>(I) A In addition to complying with environmental regulations set by the competent authorities, the Company has obtained ISO 14001 Environmental Management System certification, valid from October 2, 2023 to October 2, 2026. The Company's environmental policy is as follows:<br/>Compliance with environmental and safety regulations, active participation of all employees, risk prevention and improvement. The Company controls and manages significant environmental impacts identified throughout its business activities (including production, sales, product usage, and the entire product life cycle after disposal), seeks to improve pollution sources, and strives to reduce environmental impact while enhancing environmental performance.</p>  | No material difference. |
| <p>(II) Is the Company committed to achieving</p>   | V |  | <p>(II) The Company promotes the reduction of power consumption by</p>  | No material             |

| <p>efficient use of resources and does it use recycled materials with less impact on the environment?</p> <p>(III) Does the Company evaluate its potential risks and opportunities due to climate change now and in the future, and take corresponding measures to respond to climate related issues?</p> | V   |   | <p>turning off the power when not used. The Company has also promoted the use of paperless workflow and electronic sign-off processes to limit the amount of paper used, actively moving towards low-carbon factory; an intelligent warehousing system was introduced in 2023, forklifts have been gradually replaced with electric forklifts in 2024, and has reviewed existing equipment and formulated a replacement plan for energy-saving equipment in order to moving towards the goal of low-carbon green production and reduce the impact on the environment. The production process of our products mostly involves assembly, so there are no pollution and waste that may cause environmental impact.</p> <p>For more information, please visit Company's official website</p> <p>(III) The Company pays close attention to the issue of climate change and keeps abreast of the trends in relevant domestic and foreign regulations. The goal of achieving net-zero emissions by 2050 has been set as the long-term development goal to ensure the sustainable development of the Company's operations and the environment.</p> <p>In order to identify the risks and opportunities brought about by climate change, the following climate change risk response plan is also formulated:</p> <table border="1" data-bbox="981 836 1868 1385"> <thead> <tr> <th data-bbox="981 836 1285 911">Climate Risk</th> <th data-bbox="1285 836 1509 911">Climate Opportunities</th> <th data-bbox="1509 836 1868 911">Countermeasures</th> </tr> </thead> <tbody> <tr> <td data-bbox="981 911 1285 1385">Unstable supply of hydropower, impact on production and increase in operating costs</td> <td data-bbox="1285 911 1509 1385">Improve water resource efficiency to reduce the impact of disasters on production</td> <td data-bbox="1509 911 1868 1385">Based on the water audit results of the past two years, the company has implemented a “Water Resource Reduction Plan.” Key measures include the introduction of water-saving equipment and water usage monitoring systems, optimization and reuse of process water. The company has</td> </tr> </tbody> </table> | Climate Risk | Climate Opportunities | Countermeasures | Unstable supply of hydropower, impact on production and increase in operating costs | Improve water resource efficiency to reduce the impact of disasters on production | Based on the water audit results of the past two years, the company has implemented a “Water Resource Reduction Plan.” Key measures include the introduction of water-saving equipment and water usage monitoring systems, optimization and reuse of process water. The company has | difference. |
|---|---|---|---|--------------|-----------------------|-----------------|---|---|---|-------------|
| Climate Risk  | Climate Opportunities   | Countermeasures   |   |              |                       |                 |   |   |   |             |
| Unstable supply of hydropower, impact on production and increase in operating costs   | Improve water resource efficiency to reduce the impact of disasters on production | Based on the water audit results of the past two years, the company has implemented a “Water Resource Reduction Plan.” Key measures include the introduction of water-saving equipment and water usage monitoring systems, optimization and reuse of process water. The company has |   |              |                       |                 |   |   |   |             |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  | assessed and set a management target of “monthly water consumption per capita ≤ 4.00 cubic meters,” and will continue to promote a year-on-year reduction in per capita water intensity.   |
|  |  |  |  | Typhoons, floods, and droughts affect production, resulting in financial losses and decreased revenue. | Enhance natural disaster response capabilities, strengthen climate resilience and reduce the chance of operating disruption and possible losses.<br>Establish a comprehensive water monitoring mechanism to ensure that production is not affected by water shortages or outages. Emergency response training been exercise to reduce disaster losses  |
|  |  |  |  | Rising temperature increases electricity consumption and increases costs and carbon emissions.         | Promote low-carbon green production, save electricity and costs.<br>Based on the audit results of the past two years, the company has launched an “Energy Management Project.” The main focus is on electricity intensity per unit of production (kWh/RT) as the core performance indicator. An annual target of reducing this indicator by more than 5% compared to the previous year has been set, while continuously optimizing |

(IV) Did the Company prepare statistics on its greenhouse gas emissions, water consumption and the total weight of waste for the past two years, and formulate policies for greenhouse gas reduction, water consumption reduction or other waste management?

V

|  |  |   |
|--|--|---|
|  |  | processes to lower unit energy consumption.   |
| Greenhouse gas emissions, carbon reduction equipment settings. | Promote energy saving efficiency, recycle and re-use, save cost. | Maximize paperless processes; print unimportant documents with recycled paper if necessary. |

(IV) The Company's total annual greenhouse gas emissions were approximately 5,393.2067 metric tons of CO<sub>2</sub>e in 2024 and 6,353.5625 metric tons of CO<sub>2</sub>e in 2025, as detailed below:

| 2025                                    |  |  |                | 2024   |                |
|---|--|--|----------------|--|----------------|
| Scope                                   | Source   | Emissions (Metric ton of CO <sub>2</sub> e per year) | Proportion (%) | Emissions (Metric ton of CO <sub>2</sub> e per year) | Proportion (%) |
| Scope 1 (Metric Ton) - Direct Emissions | Mobile sources: Company vehicles; Fugitive emissions: fire protection equipment and generators | 5,651.1683   | 88.94          | 4,546.3093   | 84.27          |
| Scope 2 (Metric Ton) Indirect Emissions | Purchased electricity  | 702.3942   | 11.06          | 848.8974   | 15.73          |
| Total Emissions (Metric ton)            |  | 6,353.5625   |                | 5393.2067  |                |

The Company's water consumption for the past two years:

|                   | 2025       | 2024       |
|-------------------|------------|------------|
| Water consumption | 7,987 tons | 8,060 tons |

There are some differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, but it does comply with the Taipei Exchange Rules Governing Information Reporting by Companies with TPEX Listed Securities.

|  |       |        | <p>The Company's waste generation for the past two years:</p> <table border="1"> <thead> <tr> <th></th> <th>2025</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Hazardous Waste (metric tons)</td> <td>X</td> <td>X</td> </tr> <tr> <td>Non-hazardous Waste (metric tons)</td> <td>92.53</td> <td>80.171</td> </tr> </tbody> </table> <p>Note: The Company's greenhouse gas emissions, water consumption, and total waste generation inventory cover the parent company only.</p> <p>The Company has established the following energy-saving and carbon reduction targets:</p> <ol style="list-style-type: none"> <li>(1) Average monthly water consumption per capita <math>\leq 4.00</math> m<sup>3</sup>/person</li> <li>(2) Average monthly electricity consumption per unit of production <math>\leq 10</math> kWh/RT</li> </ol> <p>The Company's specific energy-saving and carbon reduction measures and achievements are as follows:</p> <ol style="list-style-type: none"> <li>(1) Promoting employee awareness of turning off lights and conserving water to reduce energy consumption and carbon emissions.</li> <li>(2) Implementing paperless workflows and electronic approval processes to reduce paper usage.</li> <li>(3) Introducing low-pollution water-based coatings in the production process, reducing emissions by 4,024 kg CO<sub>2</sub>e compared to previous methods.</li> <li>(4) Recycling cooling water and chilled water from the testing station, with an estimated annual water savings of 226,838 liters.</li> <li>(5) Providing group catering for lunch, expected to save 185 m<sup>3</sup> of water and reduce 27 kg CO<sub>2</sub>e emissions annually.</li> </ol> <p>Overall, total emissions in 2025 decreased compared to the previous year, while emission intensity remained at a similar level, primarily due to changes in the CO<sub>2</sub> emission factor baseline.</p> |                         | 2025 | 2024 | Hazardous Waste (metric tons) | X | X | Non-hazardous Waste (metric tons) | 92.53 | 80.171 |  |
|--|-------|--------|---|-------------------------|------|------|-------------------------------|---|---|-----------------------------------|-------|--------|--|
|  | 2025  | 2024   |   |                         |      |      |                               |   |   |                                   |       |        |  |
| Hazardous Waste (metric tons)  | X     | X      |   |                         |      |      |                               |   |   |                                   |       |        |  |
| Non-hazardous Waste (metric tons)  | 92.53 | 80.171 |   |                         |      |      |                               |   |   |                                   |       |        |  |
| IV. Social issues  |       |        |   |                         |      |      |                               |   |   |                                   |       |        |  |
| (I) Has the Company formulated relevant management policies and procedures | V     |        | (I) The Company recognizes and voluntarily complies with internationally recognized human rights standards such as the  | No material difference. |      |      |                               |   |   |                                   |       |        |  |

|   |          |   |                                |
|---|----------|---|--------------------------------|
| <p>according to relevant laws and regulations and the international covenants of human rights?</p>  |          | <p>United Nations Universal Declaration of Human Rights, the United Nations International Labor Organization, the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights.</p> <p>The Company complies with applicable laws and regulations, including the Labor Standards Act, Gender Equality in Employment Act, Regulations for Implementing Unpaid Parental Leave, and the Labor Pension Act, and has established human resource management policies (approved by the competent authority). These policies clearly govern employee hiring, compensation, working hours, leave, gender equality, and workplace safety to safeguard employees' legal rights.</p> <p>In addition, the Company has established employee grievance and communication mechanisms, including formal reporting channels and handling procedures, to ensure that employee concerns are addressed in a timely and appropriate manner. The Company also promotes the prevention of workplace misconduct and upholds the principles of fair and equal treatment.</p> <p>Going forward, the Company will continue to review its existing management policies and evaluate the establishment of a dedicated human rights policy to further strengthen its human rights governance framework.</p> |                                |
| <p>(II) Has the Company established and implemented reasonable employee benefit measures (including remuneration, leaves and other benefits) and adequately reflected the operating performance or result to the employee remuneration?</p> | <p>V</p> | <p>(II) The Company has established various employee salary and welfare measures (including quarterly bonuses, birthday gifts, special leave and parental leave) in accordance with the law. The Company has also established an Employee Welfare Committee, an Employee Stock Option Trust and organizes incentive trips, group recreational activities and employee health checkups from time to time each year to safeguard the physical and mental health of employees. Please refer to page <a href="#">124-128</a> for detailed employee welfare benefit policy descriptions.</p> <p>The Company's year-end bonus system is based on the year-end bonus payment method and the EPS value of the current year as the basis for calculating the basic year-end bonus days, which are distributed to all employees after duly considering their seniority</p>  | <p>No material difference.</p> |

|   |          |   |  |
|---|----------|---|--|
| <p>(III) Has the Company provided a safe and healthy working environment for employees, and regularly implemented safety and health training for employees?</p> | <p>V</p> | <p>and annual performance evaluation to motivate all employees to jointly work together for the Company’s established goals.</p> <p>Article 20-1 of the Company’s Articles of Incorporation:<br/>The Company shall allocate 3%–7% of annual profits as employee remuneration, of which no less than 2% shall be distributed to grassroots employees, and no more than 3% as directors’ remuneration. However, the cumulative loss, if any, shall be offset first. Employees’ remuneration may be paid in stock or cash, and may be paid to employees of affiliated companies who meet certain conditions.</p> <p>(III) 1. Occupational Safety and Health System, the Company has passed certification for the following standards, verified by relevant certification bodies: ISO 45001 and CNS 45001, valid from October 10, 2023 to October 10, 2026.</p> <p>2. Safe and Healthy Work Environment, the Company provides employees with a comfortable, safe, and healthy working environment, which includes access control measures, regular safety inspections of the work environment, periodic occupational safety training, a smoke-free indoor policy, and the establishment of an employee recreation room.</p> <p>3. Employee Physical and Mental Health, the Company offers free health check-ups for all employees every two years. For employees engaged in special hazardous operations, results are managed through a graded management system with regular follow-ups, health education, and medical assistance. The Company arranges on-site occupational physician services six times per year, with each session lasting three hours. Employees engaged in special operations whose health examination results are classified as Level 2 or Level 3 management are subject to fitness-for-duty evaluations conducted by occupational medicine physicians. Based on these assessments, tailored recommendations are provided</p> |  |
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|  |  | <p>for job adjustments or task assignments to prevent occupational diseases. For employees returning to work after general illness or occupational injury, the Company implements professional return-to-work evaluations. Physicians assess the alignment between employees' physical capacity and job demands and develop progressive work assignment plans. The Company also conducts workplace environment inspections to identify physical, chemical, and ergonomic hazards, and provides professional recommendations on engineering controls and management improvements to mitigate risks at the source. In addition, on-site occupational health nurses carry out periodic health promotion activities to enhance employees' health awareness. Topics include, but are not limited to, influenza vaccination guidance, healthy dietary practices during holidays, common health issues during festive periods, post-typhoon melioidosis prevention, dengue fever prevention in summer, and ergonomic posture for musculoskeletal health. These initiatives are updated regularly in line with current events and health priorities.</p> <p>4. Office Safety Measures, details of office safety measures are as follows:</p> <ul style="list-style-type: none"> <li>• Controlled access to restricted areas to prevent unauthorized entry.</li> <li>• Monthly maintenance and inspection of elevator equipment.</li> <li>• Quarterly maintenance and inspection of fixed cranes and high-voltage equipment.</li> <li>• Quarterly E. coli testing of drinking water dispensers.</li> <li>• Quarterly inspections of firefighting equipment and facilities (e.g., fire extinguishers, emergency lights, smoke detectors, fire alarm broadcast systems, and detectors).</li> <li>• Semi-annual workplace environmental monitoring by</li> </ul> |  |
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| <p>(IV) Has the Company established effective</p> | <p>V</p> | <p>accredited inspection agencies (including chemical factors: toluene, xylene, ethyl acetate, butyl acetate, dichloromethane, manganese, nickel, total dust (metal fumes), oil mist, carbon dioxide, etc., and physical factors: noise, wind speed, illumination).</p> <ul style="list-style-type: none"> <li>• Semi-annual emergency evacuation drills.</li> <li>• Tri-annual fire safety inspections and declarations for building evacuation facilities and equipment.</li> <li>• The air pollution-related information reports were submitted regularly and without any issues, meeting all regulatory requirements.</li> </ul> <p>Occupational Safety Performance</p> <p>The Company has an annual occupational safety audit plan. Audit reports are randomly checked each month by the Safety Department, and recommended improvements are recorded on the internal network for departments to reference and improve upon.</p> <p>In 2025, there were 0 disabling injuries among contractors, and the Total Injury Index was 0.29.</p> <p>There were no major occupational safety accidents in 2025. There were 1 case of temporary disabling injuries, resulting in 98 lost work hours.</p> <p>In addition, in 2025 the Company was inspected by the Kaohsiung City Labor Inspection Office and no violations or penalties were imposed, demonstrating effective performance in occupational safety and health management and regulatory compliance. In October 2025, the Company obtained the “Certificate of Self-Assessment for Healthy Workplace Promotion” issued by the Health Promotion Administration, Ministry of Health and Welfare. Further information can be found on the Company’s official website.</p> | <p>(IV)The Company regularly conducts personnel capability check and</p> |
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| <p>career development training plans for employees?</p> <p>(V) Regarding product and service issues such as customer health and safety, customer privacy, and marketing and labelling, does the Company follow relevant regulations and international standards, and has it formulated relevant consumer or customer rights protection policies and grievance procedures?</p> | <p>V</p> |  | <p>professional and general training for employees in order for operation and future development planning. (Please refer to Page <a href="#">122-123</a> of the report, or can be found on the Company’s official website.)</p> <p>(V) The Company upholding the quality policy of “Customer First,” strictly complies with national regulations and international standards in areas such as product safety, privacy protection, marketing and labeling, and complaint handling procedures. The implementation in 2025 is as follows:</p> <ol style="list-style-type: none"> <li>1. Product Health, Safety, and Quality Certification <ul style="list-style-type: none"> <li>Alignment with international standards:<br/>The Company has obtained ISO 9001 (Quality Management System) and ISO 14001 (Environmental Management System) certifications, as well as AHRI product certification (U.S.) and the “Chiller Energy Efficiency Label” issued by the Ministry of Economic Affairs.</li> <li>Source control for safety:<br/>Through supplier management mechanisms, 100% of raw material suppliers signed declarations on restricted/prohibited substances in 2025, ensuring compliance with environmental and safety standards and safeguarding consumer health.</li> </ul> </li> <li>2. Customer Privacy Protection and Information Security <ul style="list-style-type: none"> <li>Compliance and confidentiality:<br/>The Company places high importance on customer privacy, incorporating strict confidentiality clauses in business contracts and implementing robust data access controls. In 2025, there were no complaints related to customer privacy breaches, data loss, or information security violations.</li> </ul> </li> <li>3. Communication Channels and Customer Satisfaction <ul style="list-style-type: none"> <li>Performance<br/>Multiple communication channels:<br/>Dedicated service contacts, email communication, and annual customer surveys are in place. In 2025, the survey response rate reached 80% (20 responses out of 25 distributed), reflecting effective engagement.</li> </ul> </li> </ol> |  |
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| <p>(VI) Has the Company formulated a vendor management policy that requires vendors to comply with relevant regulations on environmental protection, occupational safety and health or labor human rights issues? What is the implementation status?</p> | <p>V</p> | <p>Quantified performance: The average customer satisfaction score in 2025 was 8.93 out of 10, with product quality scoring 9.10, indicating strong customer recognition.</p> <p>Continuous improvement mechanism:<br/>The Service Department and Sales Department jointly conduct annual reviews and analyses, with results reported to management review meetings. All customer complaints in 2025 were addressed in accordance with the “Corrective and Preventive Action Procedures,” ensuring product stability.</p> <p>4. Complaint Handling and Marketing Compliance</p> <p>Standardized handling procedures:<br/>The Company has established “Customer Complaint Management Procedures,” under which the Sales Department initiates case handling in coordination with Quality Control and R&amp;D to perform root cause analysis, ensuring 100% closure of complaints with proper feedback to customers.</p> <p>Ethical marketing:<br/>Product marketing and labeling comply with the Fair Trade Act and relevant labeling regulations, ensuring transparent and accurate information disclosure and protecting consumers’ right to know.</p> <p>(VI) The Company committed to build a sustainable supply chain by incorporating environmental protection, occupational health and safety, and labor and human rights considerations into its supplier management practices. The implementation is outlined as follows:</p> <ol style="list-style-type: none"> <li>1. Implementation of Standards and Responsible Sourcing<br/>Through contract arrangements and routine business processes, the Company requires suppliers to sign a Supplier Sustainability Commitment, covering commitments to integrity, restricted/prohibited substances, and human rights. These requirements are embedded into supply chain management practices. In 2025, all newly onboarded suppliers (100%) passed environmental and social screening criteria, ensuring sustainability risk management is addressed at the source.</li> <li>2. Supplier Evaluation Performance in 2025<br/>In accordance with the Company’s ISO-based supplier</li> </ol> |  |
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|  |  |   | <p>evaluation procedures, annual performance assessments were conducted for key suppliers:</p> <p>Comprehensive evaluation and grading:<br/>A total of 247 suppliers were evaluated in 2025, achieving 100% coverage. Results were categorized as follows: 218 rated A (excellent), 14 rated B (qualified), and 15 rated C (requiring improvement). No suppliers were rated D or E.</p> <p>Risk identification and improvement actions:<br/>The 15 suppliers rated C were primarily affected by overseas logistics constraints, which impacted delivery timeliness. The Company has engaged in targeted communication and follow-up actions, requiring these suppliers to establish early warning mechanisms and improve logistics planning. Their improvement progress will be incorporated into future evaluation and business decisions to further enhance supply chain stability and resilience.</p> |               |
| V. Does the Company prepare a sustainability report or any other report for disclosure of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by the assurance or opinion of a third-party certifier?   |  | V | <p>The Company plans to publish the Chinese version of the 2025 Sustainability Report in August 2026, which will be disclosed on the Company's official website and uploaded to the Market Observation Post System (MOPS).</p> <p>However, relevant and reliable corporate social responsibility information has already been disclosed in the Company's annual report and on the Company's official website.</p>  | No difference |
| <p>VI. If the Company has formulated in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the differences of the operations between them:</p> <p>On May 7, 2024, the Board of Directors of the Company approved the adoption of the "Sustainable Development Best Practice Principles", and 2<sup>nd</sup> amendment on March 11, 2026, to strengthen the implementation of corporate social responsibility. The Company regularly reviews its practices in accordance with the Principles and makes improvements as needed. To date, there have been no discrepancies in its implementation.</p>   |  |   |  |               |
| <p>VII. Other important information helpful to understand the promotion of sustainable development:</p> <ol style="list-style-type: none"> <li>1. All of the Company's waste is transported and processed by legally authorized contractors in compliance with environmental regulations.</li> <li>2. The Company has adopted the government's electronic document exchange system, making document receipt and dispatch more efficient, reducing paper usage and postage costs, and reusing the blank sides of discarded documents to significantly reduce paper consumption.</li> <li>3. To reduce carbon emissions, low pollution water based paints and 3 3.5tons electric forklift were purchased.</li> <li>4. The Company's disclosures on the Market Observation Post System are handled by designated personnel responsible for collecting and disclosing corporate information to ensure that information potentially affecting shareholder and stakeholder decisions is disclosed promptly and appropriately.</li> <li>5. Community participation: The Company engages with the surrounding community, actively gives back to society and participates in</li> </ol> |  |   |  |               |

community activities, such as scholarships for adjacent elementary schools, local public offices and local assembly activities, so as to perform its social responsibilities well.

6. Social welfare:

- 6.1 Actively participate every year in the “Love Library” donation program to enhance the quality of books in county and city libraries and accompany children through wonderful reading moments.
- 6.2 Provide scholarships (including scholarships for underprivileged students) to students annually. Partner schools include: National Chung Cheng Industrial High School, Kaohsiung Industrial High School, Miaoli Agricultural and Industrial Vocational High School, Chiayi Industrial Vocational High School, Chong Shih Industrial High School, National Cheng Kung University Tainan Campus, and National Guan-Shan Vocational Senior High School.
- 6.3 The Company collaborates with the Department of Energy and Refrigerating Air Conditioning Engineering at National Kaohsiung University of Science and Technology on industry–academia cooperation programs to enhance future workforce competitiveness.
- 6.4 Make annual donations to Jinhua Elementary School to provide students with a better learning environment.
- 6.5 Make annual donations to the Taiwan Spinal Cord Injury Association to help patients and their families face challenges with courage and find hope for a new life.
- 6.6 The Company participates in the promotion of community public health initiatives led by the Zihguan District Health Center, co-organizing community health screening activities to enhance public health awareness, support disease prevention, and safeguard overall community health.
- 6.7 The Company served as a co-organizer of the 4th “RUN FOR FUTURE Sunfar × Kaohsiung” charity run, contributing a sponsorship of NT\$60,000. It also encouraged employee participation, with a total of 31 employees and family members taking part, demonstrating support for charitable initiatives and promoting a healthy lifestyle. All surplus proceeds from the event were donated to underprivileged children and youth in Kaohsiung, returning care and resources to the local community. This initiative reflects the Company’s commitment to corporate social responsibility and its dedication to social welfare and sustainable development.
- 6.8 Donate NT\$60,000 to the Christian Ma Xile Social Welfare Foundation to provide people with disabilities opportunities for stable employment and independent living.
- 6.9 The Company arranged plant visits for students from the Refrigeration and Air Conditioning Department of Kaohsiung Municipal Chung Cheng Industrial High School, the Department of Industrial Technology Education at National Kaohsiung Normal University, and the Department of Refrigeration, Air Conditioning and Energy at National Chin-Yi University of Technology, with approximately 130 students participating. Through these visits, students gained insights into the Company’s actual operations, enhanced their understanding of the refrigeration and air-conditioning industry, and were encouraged to engage in early career planning while developing core workplace competencies, thereby improving their employment competitiveness.

7. In case of major social events, both the Company and its employees will try their best to make a contribution.

# Climate-Related Information of TWSE/TPEX Listed Company

## 1. Implementation of Climate-Related Information

| Item   | Implementation status   |   |  |   |                 |
|--|---|---|--|---|-----------------|
| <p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p> | <p>1. The implementation status of the Company's greenhouse gas inventory and verification schedule will be reported to the every meeting of the board of directors. The board of directors and management will pay attention to whether new energy-saving optimization solutions can be proposed for existing products and discuss them with relevant departments.</p> <p>2. How climate risks and opportunities affect business, strategy and finance (short-term, medium-term and long-term) are explained as follows:</p> |   | Climate risks  | Climate opportunities   | Counter measure |
| short-term   |   | <p>The supply of water and electricity is unstable, production is affected, and operating costs increase. Typhoons, floods, and droughts affect production, leading to financial losses and revenue declines.</p> | <p>Improve water resource efficiency and reduce the impact of disasters on production; improve natural disaster resistance and climate resilience, and reduce the probability of operational interruptions and possible losses</p> | <p>Based on the water audit results of the past two years, the company has implemented a “Water Resource Reduction Plan.” Key measures include the installation of water-saving equipment and water usage monitoring systems, as well as optimization and reuse of process water. The company has set a management target of “monthly water</p> |                 |

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|  |             |   | consumption per capita $\leq 4.00 \text{ m}^3$ and will continue to promote a year-on-year reduction in per capita water intensity. |
|  | medium-term | As temperatures rise, electricity consumption increases, also increase in costs and carbon emissions. | Promote low-carbon production, save electricity and reduce costs  |
|  | long-term   | Greenhouse gas emissions,   | Promote energy  |
|  |             |   | Maximize paperless and only use   |

3. Describe the financial impact of extreme weather events and transformative actions.

4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.

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|  | carbon reduction equipment settings | efficiency, recycle & reuse, and cost savings | recycled paper to print unimportant documents when necessary |
|--|-------------------------------------|---|--|

3. Financial impact of extreme weather events and transformative actions:

| Impact factor           | Direct impact  | Indirect impact  |
|-------------------------|--|--|
| Extreme weather events  | Business interruptions and production losses may result in production stagnation and losses.   | Increased risk may result in increased insurance costs.  |
|                         | Financial losses may include facility damage, equipment loss, casualties, etc., which may require repair costs, insurance claims, and litigation expenses. | Company's failure to respond effectively to extreme climate events may lead to reputation damage, which in turn affects customer loyalty and market share. |
| Transformative actions: | Increased costs, such as the additional investment and costs that may be required to implement environmentally friendly production and operating methods.  |  |
|                         | Complying with regulatory requirements may increase costs.   |  |

4. The Company has not yet formulated a process for the identification, assessment and management of climate risks, but the process for the identification, assessment and management of climate risks is part of the overall risk management. Therefore, this procedure will be use to address climate risks:

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| <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> | <p>Identification: Regular environmental reviews and risk assessments to identify climate-related risks that may pose, including extreme climate events, the impact of climate change on resource supply, etc.</p> <p>Assessment: Evaluate the identified risks, including their potential impact, probability of occurrence, and impact on the Company's business, strategy, and finances.</p> <p>Management: Based on the assessment results, formulate corresponding management measures and response strategies to reduce or mitigate the impact of risks and also explore possible opportunities.</p> <p>To ensure that the Company can respond more flexibly and effectively in the face of climate change and extreme weather events.</p> <p>5. Not applicable (the Company has no usage scenario analysis and evaluation).</p> <p>6. Not applicable (the Company has no transformation plan).</p> <p>7. Not applicable (the Company has no internal carbon pricing)</p> <p>8. The Company has set climate-related goals, including the following information:<br/> Covered Activities: Covers all business-related activities, including production, transportation, supply chain management, etc.<br/> Greenhouse gas emission: Covers all major greenhouse gas emission categories, including direct emissions and indirect emissions.<br/> Planning schedule: The planning schedule has been developed and the timetable and milestones for achieving the goals have been determined.</p> |
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9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below):

Annual achievement progress: Regularly track and report annual achievement progress to ensure the achievement of goals.  
The Company has not yet determined the source and quantity of carbon offset credits and the number of renewable energy certificates (RECs).

## 1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

### 1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

The Group's Taiwan parent company, KUEN LING MACHINERY REFRIGERATING CO., LTD., has conducted greenhouse gas inventories for the past 2 years covering Scope 1 (direct emissions) and Scope 2 (indirect emissions). Emissions: Total emissions amounted to 5,395.21 metric tons of CO<sub>2</sub>e in 2024 and 6,353.56 metric tons of CO<sub>2</sub>e in 2025. Emission Intensity: Emission intensity was 2.68 and 3.61 metric tons per NT\$ million of revenue in 2024 and 2025, respectively. Explanation: The overall increase in emissions was mainly attributable to higher usage of company vehicles (Scope 1), increased facility maintenance, and fluctuations in revenue. However, the Company achieved notable energy-saving results in Scope 2 (purchased electricity), with emissions decreasing by 17.26% in 2025 compared to the previous year. The Company will continue to enhance energy efficiency through process optimization and upgrades to energy-saving equipment, to reduce its overall carbon intensity.

### 1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

In accordance with the Financial Supervisory Commission plan, the Company is promoting the information disclosure schedule for listed companies that should conduct greenhouse gas inventory in stages, which belongs to the third stage. The completion time for individual and consolidated financial report will fall in 2028 and 2029 respectively. Relevant operations are being carried out in accordance with regulations, but have not yet entered the confirmation stage.

## 1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

Although the Company has a paid-in capital of less than NT\$5 billion and, in accordance with relevant regulations, is required to complete greenhouse gas (GHG) inventory for its annual consolidated financial statements by 2027, the Company, guided by its commitment to sustainable development, has proactively focused on climate change and GHG management and has gradually implemented related reduction measures. The Company has designated 2024 as the base year for GHG management, using annual electricity intensity per unit of production (kWh/RT) as the primary management indicator, and has established the following reduction targets and strategies:

### 1. Reduction Targets

In the short to medium term, the Company aims to improve energy efficiency by setting a target of reducing annual electricity intensity per unit of production by more than 5% compared to the base year.

In the long term, the Company aims to achieve net-zero emissions by 2050 as its ultimate goal.

## 2. Reduction Strategies

Based on its operational characteristics, the Company promotes carbon reduction strategies from two main aspects: energy management and process optimization, including:

- i. Improving energy efficiency of equipment to reduce energy consumption per unit of output.
- ii. Continuously evaluating the feasibility of introducing energy-saving equipment and high-efficiency machinery.
- iii. Promoting employee awareness of energy conservation and implementing daily electricity-saving practices.

## 3. Action Plans

To achieve the above targets, the Company has planned and is progressively implementing the following measures:

- i. Conduct regular reviews of the operational efficiency of major energy-consuming equipment and replace outdated equipment.
- ii. Strengthen process management to reduce unnecessary energy consumption.
- iii. Promote internal energy-saving initiatives to enhance employee participation.

## 4. Achievement of Reduction Targets

The Company has completed the inventory of base year data and continues to collect various energy usage information as the basis for tracking future reduction performance. Going forward, the Company will review reduction results on an annual basis and adjust strategies as appropriate to ensure the achievement of the established reduction targets.

**(VI) Enforcement of ethical corporate management, and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons**

| Assess criteria   | Implementation Status |    | Summary   | Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies |
|---|-----------------------|----|---|---|
|   | Yes                   | No |   |   |
| <p>I. Establishment of integrity policies and solutions</p> <p>(I) Has the Company formulated ethical corporate management policies approved by the Board of Directors, and specified the policies and measures in the regulations and documents to the outside? What is the commitment of the Board of Directors and senior management on actively implementing the policies?</p> <p>(II) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical</p> | V                     |    | <p>(I) The Company has established the “Code of Ethical Conduct”, the “Ethical Corporate Management Best Practice Principles” and the “Operating Procedures and Conduct Guidelines for Ethical Corporate Management” which must be submitted to the Board of Directors for approval before implementation. The above-mentioned documents specifically regulate the matters that the Company’s employees should pay attention to when performing business, and clearly indicate that they should not accept entertainment, gifts, rebates or other illegal benefits during the performance of their duties. In addition, the Company specified in the “Code of Ethical Conduct” the system of reporting illegal and unethical acts, which is implemented in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p> <p>(II) The Company has adopted preventive management measures for business activities with a higher risk of unethical acts in the scope of business or as described in the second paragraph of Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” in various internal control regulations.</p> | No material difference.   |

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| <p>conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?</p> <p>(III) Has the Company formulated operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviewed and amended it?</p> | V |  | <p>(III)The Company has established the “Code of Ethical Conduct,” the “Operating Procedures and Conduct Guidelines for Ethical Corporate Management” and the “Complaint and Whistleblowing Channels for Ethical Corporate Management Procedures” which regulate the handling units, the reporting channels and the complaint or reporting processing process in detail and reviews and revises them according to the actual operation situation while taking into account the change of external laws and regulations. The relevant specifications are published on the Company’s internal website for employees to check at any time. Once it is confirmed that an employee commits any violation, the Company will punish him/her in accordance with the Rewards and Punishment Regulations in the “Employee Handbook.” If the circumstances are serious, the employee will be sent to the judicial unit for further investigation.</p> |                         |
| <p>II. Enforcement of business integrity</p> <p>(I) Does the Company evaluate the integrity record of its trading partners, and specify the terms of integrity behavior in the contract signed with the trading partners?</p>  | V |  | <p>(I) When conducting business activities, the Company will first evaluate the legitimacy and credibility of the customers and suppliers before conducting transactions with them, and conduct credit evaluation to avoid dealing with those who have unethical acts. In addition, the Company requires important suppliers and contractors who have dealings with the Company to sign contracts which clearly stipulate the compliance with integrity commitment. If there is any unethical behavior, the contract may be immediately terminated or rescinded.</p>   | No material difference. |

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| <p>(II) Has the Company set up a special unit under the Board of Directors to promote the integrity of the enterprise, and regularly (at least once a year) reported to the Board of Directors on its ethical corporate management policy and prevention of unethical behavior program? What is the status of supervision and implementation?</p> | <p>V</p> | <p>(II) The Company has designated the administration unit and the Auditor’s Office to be responsible for the formulation and supervision of the integrity management policies and preventive programs and will consider the establishment of a special unit under the Board of Directors in the future depending on actual needs.<br/>At present, if any unethical behavior is found, the Auditor’s Office will submit a report to the independent director and the Board of Directors. The implementation of integrity management in 2025 has been reported to the board of directors on March 11, 2026. Details of the operation can be found on the Company's official website Corporate Social Responsibility.</p>  |  |
| <p>(III) Does the Company have the policy to prevent conflict of interest, provide appropriate channels for an explanation, and implement it?</p>   | <p>V</p> | <p>(III)The Company’s “Code of Ethical Conduct,” the “Operating Procedures and Conduct Guidelines for Ethical Corporate Management” specify policies to prevent conflicts of interest and provide appropriate channels of presentation and require the relevant units of the Company to implement them. The “Regulations Governing the Meetings of the Board of Directors” established by the Company also provides for the recusal of directors’ to avoid conflicts of interest in order to further implement the policy of recusal for conflicts of interests. In addition, at each meeting of the Board of Directors, if there is a motion that involves recusal for conflicts of interest, the Company is reminded again by the Chairman of the Board of Directors to ask the interested party to recuse himself/herself before the motion is read. In 2025, 5 Board meetings were held, all of which were conducted in accordance with the “Regulations Governing the Meetings of the Board of Directors.”.</p> |  |
| <p>(IV) Does the Company implement ethical corporate management by establishing an effective accounting system and internal control system, and have an internal audit unit to plan and conduct periodic audits on</p>  | <p>V</p> | <p>(IV) In order to ensure the implementation of ethical operation, the Company has established an effective accounting system and internal control system. The internal auditors regularly check the compliance with the system referred to in the preceding paragraph, and formulate an annual internal audit plan to verify the</p>   |  |

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|--|---------------------|--|--|-------------------------|
| <p>the compliance status of the programs that prevent the unethical conduct according to the unethical conduct risk assessment result, or appoint a CPA to perform the audit?</p> <p>(V) Does the Company regularly organize internal and external education and training on ethical corporate management?</p>   | V                   |  | <p>compliance, and submit a report to the Board of Directors.</p> <p>(V) On December 24, 2025, the Company invited Attorney Hsiao-Ching Tang of Jingcheng Law Firm to deliver a seminar titled “An Overview of Corporate Anti-Corruption and Future Outlook”, which lasted 1.5 hours and was attended by department heads across the Company. Following the seminar, the presentation record was uploaded to the internal employee system for those who were unable to attend.</p>   |                         |
| <p>III. Whistleblowing system</p> <p>(I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?</p> <p>(II) Has the Company established standard operating procedures for investigating the complaints received, follow-up measures to be taken after the investigation, and the relevant confidentiality mechanism?</p> <p>(III) Has the Company taken measures to protect whistleblowers from being improperly treated due to whistleblowing?</p> | V<br><br>V<br><br>V |  | <p>(I) The Company has set out the specific whistleblowing and reward system in the “Complaint and Whistleblowing System for Ethical Corporate Management Procedures” and the “Employee Handbook” respectively, and clearly stipulated that the administrative management unit and the Auditor’s Office are the special units to accept whistleblowing and complaints. The Company also clearly prescribes the whistleblowing channels and handling windows for internal and external personnel in the stakeholders section of the Company’s official website.</p> <p>(II) The Company’s “Complaint and Whistleblowing System for Ethical Corporate Management Procedures” clearly stipulates the standard operating procedures for the investigation of the accused matters, the follow-up measures to be taken after the investigation, and the relevant confidentiality mechanism.</p> <p>(III) In the “Complaint and Whistleblowing System for Ethical Corporate Management Procedures”, the Company clearly stipulates the following protection for whistleblowers:</p> <ol style="list-style-type: none"> <li>1. The safety of the whistleblower shall be protected. If the whistleblower is an employee of the Company, the Company shall promise to protect him/her from improper treatment due to whistleblowing.</li> <li>2. The personnel in charge of the case shall strictly keep confidential</li> </ol> | No material difference. |

|   |   |  |  |                         |
|---|---|--|--|-------------------------|
|   |   |  | the identity of the whistleblower and the whistleblowing contents.   |                         |
| IV. Enhanced information disclosure<br>Does the Company disclose the information concerning the contents and achievements of its Ethical Corporate Management Best Practice Principles on its website as well as on the Market Observation Post System?   | V |  | The Company has disclosed information related to ethical corporate management operation on its official website, and set up various contact zones to provide transparent information and communication channels. | No material difference. |
| V. If the Company has established its Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies,” please describe the difference in the operation:<br>The Company has established there “Ethical Corporate Management Best Practice Principles”, the “Operating Procedures and Conduct Guidelines for Ethical Corporate Management” and the “Complaint and Whistleblowing Channels for Ethical Corporate Management Procedures”, and published them on the Company’s website for employees to consult and follow at any time. Once any internal and external unethical behavior is identified, the relevant units or the management will immediately start the investigation procedure in accordance with the relevant regulations. There is no significant difference between the Company’s operation and the established Principles. |   |  |  |                         |
| VI. Any other important information that helps to understand the operation status of the Company’s ethical corporate management (such as the Company’s review and amendment to its Ethical Corporate Management Best Practice Principles)<br>The Company operates in strict accordance with the provisions of the Company Act, the Securities and Exchange Act and other relevant laws and regulations of TWSE and TPEX, and as the basis of the implementation of ethical corporate management. The Company prohibits any unethical conduct with trading counterparts in external business transactions. The Company’s relevant regulations on ethical corporate management and internal control system adopt a self-monitoring mechanism, and the Company will take corrective action once an unethical conduct or deficiency is identified.  |   |  |  |                         |

**(VII) Other important information sufficient to enhance the understanding of the operations of corporate governance may be disclosed at the same time:**

1. The Company’s important information is published at the Market Observation Post System <http://mops.twse.com.tw/> in accordance with the regulations of the competent authority

2. Continuing education of directors, supervisors and independent directors in 2025

| Position                             | Name            | Date of taking office | Initial date of taking office | Date of study |            | Hosting unit  | Course name   | Training hours | Total hours of study in the current year |
|--------------------------------------|-----------------|-----------------------|-------------------------------|---------------|------------|---|---|----------------|--|
|                                      |                 |                       |                               | From          | To         |   |   |                |  |
| Director                             | Chung-Kuo Tseng | 2024/05/28            | 2000/07/28                    | 2025/04/18    | 2025/04/18 | Commerce Development Research Institute (CDRI)              | CORPORATE GOVERNANCE SERIES FORUM   | 3.0            | 6.0                                      |
|                                      |                 |                       |                               | 2025/07/19    | 2025/07/19 | Taipei Exchange (TPEX)                                      | Practicing Sustainable Development through the TPEX Market: Benchmark Practices in the Era of Co-Governance | 3.0            |  |
| Director                             | Rung-Pin Yeh    | 2024/05/28            | 2000/07/28                    | 2025/07/10    | 2025/07/10 | Corporate Operating and Sustainable Development Association | Corporate Governance and Securities Regulations   | 3.0            | 6.0                                      |
|                                      |                 |                       |                               | 2025/08/07    | 2025/08/07 | Taipei Exchange (TPEX)                                      | 2025 Insider Shareholding Compliance Briefing for Emerging Stock Companies                                  | 3.0            |  |
| Director                             | Wen-Chi Ko      | 2024/05/28            | 2021/07/20                    | 2025/07/09    | 2025/07/09 | The Greater China Financial Development Association         | Impact of Trump 2.0 on the Global Economy   | 3.0            | 6.0                                      |
|                                      |                 |                       |                               | 2025/07/10    | 2025/07/10 | Corporate Operating and Sustainable Development Association | Corporate Governance and Securities Regulations   | 3.0            |  |
| Representative of corporate director | Yu-Fen Huang    | 2024/05/28            | 2018/05/23                    | 2025/04/18    | 2025/04/18 | Commerce Development Research Institute                     | CORPORATE GOVERNANCE SERIES FORUM   | 3.0            | 6.0                                      |
|                                      |                 |                       |                               | 2025/07/19    | 2025/07/19 | Taipei Exchange (TPEX)                                      | Practicing Sustainable Development through the TPEX Market: Benchmark Practices in the Era of Co-Governance | 3.0            |  |

|                                      |                |            |            |            |            |   |   |     |     |
|--------------------------------------|----------------|------------|------------|------------|------------|---|---|-----|-----|
| Representative of corporate director | Chi-Tseng Peng | 2024/05/28 | 2018/05/23 | 2025/08/13 | 2025/08/13 | Independent Director Association Taiwan                     | Challenges and Responses to the New Global Economic Landscape   | 3.0 | 6.0 |
|                                      |                |            |            | 2025/12/16 | 2025/12/16 | Taiwan Institute of Directors                               | Manufacturing Transformation and Board Governance Responsibilities in the AI Era                        | 3.0 |     |
| Independent director                 | Li-Rong Hong   | 2024/05/28 | 2014/05/08 | 2025/09/17 | 2025/09/17 | Corporate Operating and Sustainable Development Association | Impact of Trump 2.0 on the Global Economy   | 3.0 | 6.0 |
|                                      |                |            |            | 2025/09/19 | 2025/09/19 | Taiwan Project Management Association                       | Artificial Intelligence Trends and Corporate Risk Management Strategies                                 | 3.0 |     |
| Independent director                 | Yean-Der Kuan  | 2024/05/28 | 2019/05/23 | 2025/10/21 | 2025/10/21 | Taiwan Project Management Association                       | Continuing Education for Directors of Listed Companies – Legal Duties and Responsibilities of Directors | 3.0 | 6.0 |
|                                      |                |            |            | 2025/11/12 | 2025/11/12 | The Greater China Financial Development Association         | How the Board Ensures Sustainable Operations – Focusing on Talent Identification and Development        | 3.0 |     |
| Independent director                 | Ming-Bing Chen | 2024/05/28 | 2021/07/20 | 2025/07/09 | 2025/07/09 | The Greater China Financial Development Association         | Impact of Trump 2.0 on the Global Economy   | 6.0 | 6.0 |
|                                      |                |            |            | 2025/08/14 | 2025/08/14 | Taiwan Project Management Association                       | Corporate Sustainability and ESG Strategy Integration   |     |     |
| Independent director                 | Wen-An Yang    | 2024/05/28 | 2008/06/12 | 2025/12/10 | 2025/12/10 | National Federation of CPA Associations of the R.O.C.       | Practices in Sustainable Governance: Integrity and Decision-Making                                      | 6.0 | 6.0 |

### 3. Continuing Education of Managerial Officers in 2025

| Position                     | Name            | Date of taking office | Initial date of taking office | Date of study |            | Hosting unit                                   | Course name   | Training hours | Total hours of study in the current year |
|------------------------------|-----------------|-----------------------|-------------------------------|---------------|------------|--|---|----------------|--|
|                              |                 |                       |                               | From          | To         |  |   |                |  |
| Chairman and General Manager | Chung-Kuo Tseng | 2024/05/28            | 2000/07/28                    | 2025/04/18    | 2025/04/18 | Commerce Development Research Institute (CDRI) | CORPORATE GOVERNANCE SERIES FORUM   | 3.0            | 6.0                                      |
|                              |                 |                       |                               | 2025/07/19    | 2025/07/19 | Taipei Exchange (TPEX)                         | Practicing Sustainable Development through the TPEX Market: Benchmark Practices in the Era of Co-Governance | 3.0            |  |
| Chief Financial Officer      | Li-Ling Su      | 2003/10/24            | 2003/10/24                    | 2025/09/25    | 2025/09/26 | Accounting Research and Development Foundation | Continuing Education Program for Accounting Supervisors of Securities Firms and Stock Exchanges             | 12.0           | 27                                       |
| Corporate Governance Officer | Li-Ling Su      | 2023/01/01            | 2023/01/01                    | 2025/03/27    | 2025/03/27 | SECURITIES & FUTURES INSTITUTE                 | A Practical Study on Sustainability Disclosure for Listed Companies   | 9.0            |  |
|                              |                 |                       |                               | 2025/07/09    | 2025/07/09 | Accounting Research and Development Foundation | Analysis of Laws and Regulations Related to Sustainability and Financial Reporting                          | 6.0            |  |

### 4. The Company's financial information personnel who have obtained certificates and licenses designated by the competent authorities are as follows:

None of the Company's financial information personnel have obtained certificates and licenses designated by the competent authorities; however, they will continue to study at the following institutions and obtain test results and certificates.

1. Test of Corporate Internal Control held by the Securities and Futures Institute: 2 persons from the Audit Department
2. Basic Ability Test held by the Accounting Research and Development Foundation: 3 persons from the Financial Department

## **(VIII) Disclosures relating to the execution of internal control system:**

### **1. Internal Control System Declaration**

Date: March 11, 2026

The Company hereby declares the following on its 2025 internal control system based on the results of the self-assessment performed:

- (1)The Company understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and managers, and such a system has already been established by the Company. With the purpose to provide reasonable assurance of achievement of objectives such as the effect and efficiency of operations (including profitability, performance and asset security protection), reporting reliability, timeliness, transparency, and compliance with relevant norms and relevant laws and regulations.
- (2)The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the three objectives above; besides, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the internal control system of the Company features a self-monitoring mechanism that enables the Company to immediately rectify any deficiencies upon discovery.
- (3)The Company judges the effectiveness of the design and implementation of the internal control system based on the provisions of the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”). The judgment items adopted in the “Regulations” on the internal control system are based on the management and control process, and the internal control system is divided into five components: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision operations. Each component in turn includes several items. Please refer to “The Governing Principles” for details.
- (4)The Company has adopted the internal control system judgment items above to evaluate the effectiveness of the design and implementation of the internal control system.
- (5)Based on the evaluation results in the preceding paragraph, the Company believes that its internal control system as of December 31, 2025 (including the supervision and management of subsidiaries), including understanding the effect of operations and the degree to which efficiency goals are achieved, the report is reliable, timely and transparent and complies with relevant norms and relevant laws and regulations; the design and implementation of the internal control system are effective, which can reasonably ensure the achievement of the objectives above.
- (6)This declaration constitutes part of the Company’s annual report and prospectus and shall be disclosed to the public. If the disclosed contents above are false or contain concealment or other illegal activities, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- (7)This declaration was approved by the Board of Directors of the Company on March 11, 2026. None of the 8 directors present disagreed and all agreed with the contents of this declaration.

Kuen Ling Machinery Refrigerating Co., Ltd.

Chung-Kuo Tseng, Chairman

Chung-Kuo Tseng, General Manager

2. If an external CPA reviewed the internal control system, the result of such review must be disclosed: Not applicable.

**(IX) Major resolutions passed in shareholder meetings and Board of Directors held in 2025 and up to the publication date of the annual report:**

1. Implementation of the resolutions of the 2025 general shareholders' meeting (May 26, 2025):

| No. | Resolution   | Results of Resolutions  | Status of implementation   |
|-----|--|---|--|
| 1   | Proposal on the 2024 Business Report, Financial Statements, and Earnings Distribution Statement of the Company | Number of affirmative voting rights (including electronic voting): 43,319,598, accounting for 83.24% of the total. The number of dissenting voting rights: 10,412, the number of invalid voting rights: 0 and the number of abstention and non-voting rights: 8,706,425. This proposal was passed according to the proposal submitted by the Board of Directors.                  | The relevant operations were carried out in accordance with the resolution   |
| 2   | Amendment to the Articles of Incorporation   | After voting (including electronic voting), the number of affirmative voting rights was 43,091,014, accounting for 82.80% of the total, the number of dissenting voting rights 14,572, the number of invalid voting rights: 0. and the number of abstention/non-voting rights: 8,930,849. This proposal was passed according to the proposal submitted by the Board of Directors. | The relevant operations were carried out in accordance with the resolution, and the change registration was approved on June 13, 2025. |

2. The Company held 5 Board of Directors in 2025 and up to the date of printing of the annual report and a summary of the important resolutions passed is as follows:

| Date of meeting | Session number                      | Important resolution   |
|-----------------|-------------------------------------|--|
| 2025.05.07      | The 6th meeting of the 15th Session | 1. Approved the Company's consolidated financial statements for the first quarter of 2025.   |
| 2025.08.06      | The 7th meeting of the 15th Session | <ol style="list-style-type: none"> <li>1. Approved the Company's consolidated financial statements for the second quarter of 2025.</li> <li>2. Approved of the scope of the Company's "grassroots employees."</li> <li>3. Approved of the completion of the Company's 2024 Sustainability Report.</li> <li>4. Approved of the promotion and salary adjustments of managerial personnel.</li> <li>5. Approved of the release of non-compete restrictions for managerial personnel.</li> </ol> |

| Date of meeting | Session number                       | Important resolution   |
|-----------------|--------------------------------------|--|
|                 |                                      | 6. Approved significant accounts receivable that have exceeded the normal credit period as not being classified as a financing loan.   |
| 2025.11.06      | The 8th meeting of the 15th Session  | <ol style="list-style-type: none"> <li>1. Approved the Company's consolidated financial statements for the third quarter of 2025.</li> <li>2. Approved of proposed amendments to certain provisions of the Company's internal control system – payroll cycle.</li> </ol>   |
| 2025.12.17      | The 9th Meeting of the 15th Session  | <ol style="list-style-type: none"> <li>1. Approved the 2026 Internal Audit Plan.</li> <li>2. Approved of proposed amendments to certain provisions of the Company's internal control system related to information security operations.</li> <li>3. Approved the Company's 2026 Business Plan and Financial Budget (including the Consolidated Financial Budget).</li> <li>4. Approved the borrowing limits for 2026.</li> <li>5. Approved the 2025 Year-end Bonus distribution principles and estimated amounts for managers.</li> <li>6. Approved the Company's 2026 directors' and managers' performance evaluation and remuneration policy, system, standards, and structure.</li> </ol>   |
| 2026.03.11      | The 10th Meeting of the 15th Session | <ol style="list-style-type: none"> <li>1. Approved the Company's 2025 Business Report and Financial Statements.</li> <li>2. Approved the 2025 Earnings Distribution Proposal.</li> <li>3. Approved the allocation of 2025 employees' and directors' remuneration.</li> <li>4. Approved the 2025 Internal Control System Effectiveness Assessment and the issuance of the Internal Control System Statement.</li> <li>5. Approved the evaluation of independence and suitability of the 2026 auditing CPA.</li> <li>6. Approved the appointment of the auditing CPA for 2026.</li> <li>7. Approved of the Company's cash capital reduction to return capital to shareholders.</li> <li>8. Approved matters related to convening the 2026 Annual Shareholders' Meeting.</li> <li>9. Approved the acceptance of shareholder proposals for the 2026 Annual Shareholders' Meeting.</li> <li>10. Approved of the adjustment to the year-end bonus for managerial personnel for 2025</li> <li>11. Approved of the review of retirement benefits for Vice President Hsien-Jung Kuo.</li> <li>12. Approved of proposed amendments to certain provisions of the Company's "Sustainability Development Best Practice Principles."</li> <li>13. Approved significant accounts receivable that have exceeded the normal credit period as not being classified as a financing loan.</li> </ol> |

**(X) If the directors or supervisors have different opinions on the important resolutions adopted by the Board of Directors in the most recent year and up to the publication date of the annual report, and there are records or written statements in place, state the main contents: None.**

#### IV. Information on CPA fee

Unit: NT\$ thousand

| Name of accounting firm | Name of CPA   | Period of audit service | Audit fees | Non-audit fees | Total | Notes   |
|-------------------------|---------------|-------------------------|------------|----------------|-------|---|
| PwC Taiwan              | Chun-Kai Wang | 2025                    | 3,520      | 1,130          | 4,650 | Non-audit fees relate to tax certification services and transfer pricing reports. |
|                         | Chian-Chi Wu  |                         |            |                |       |   |

Note 1: If the Company has changed its CPA or accounting firm in the year, separately list the audit period, explain the reasons for the change in the notes column, and disclose the audit and non-audit fees paid in order.

Note 2: Non-audit fees shall be listed separately by service items. If the "Others" of non-audit fees reaches 25% of the total amount of non-audit fees, the service contents shall be listed in the notes column.

(I) For the non-audit fees paid to the CPA, the CPA's accounting firm and/or any of its affiliated enterprises, if the amount reaches one quarter of the audit fees paid, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: 2025 transfer pricing report.

(II) If the Company changed the accounting firm and the audit fees paid for the year when such the change took place are lower than those of the previous year, the amounts of the audit fees before and after the change and the reason(s) shall be disclosed: None.

(III) For any reduction in audit fee by more than 10% compared to that of the previous year, state the amount, percentage, and reason of such variation: None.

#### V. Information on replacement of CPA: Not applicable.

**VI. If any of the Company's Chairman, General Manager, or financial or accounting manager was employed by the certifying CPA's accounting firm or any of its affiliated company within the most recent year, disclose the person's name, job title and the duration of service at the certifying CPA's accounting firm or its affiliated companies. The term "affiliated enterprises of the CPA's accounting firm" refers to companies or institutions in which the CPA's accounting firm holds more than 50% of the shares or obtains more than half of their directors' seats, or which are listed as affiliated enterprises in the data published or printed by the CPA's accounting firm: No such situation.**

**VII. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the last year and up to the publication date of the annual report.**

**(I) Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest**

| Title  | Name                                | 2025                               |                                       | As of March 28, 2026               |                                       | Notes  |
|--|-------------------------------------|------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|--|
|  |                                     | Increase (decrease) in shares held | Increase (decrease) in shares pledged | Increase (decrease) in shares held | Increase (decrease) in shares pledged |  |
| Chairman and General Manager                     | Chung-Kuo Tseng                     | 0                                  | 0                                     | 0                                  | 0                                     |  |
| Director   | Rung-Pin Yeh                        | 0                                  | 0                                     | 0                                  | 0                                     |  |
| Director   | TECO Electric & Machinery Co., Ltd. | (196,000)                          | 0                                     | 0                                  | 0                                     |  |
| Director   | Wen-Chi Ko                          | 0                                  | 0                                     | 0                                  | 0                                     |  |
| Director   | Hua Hong Industrial Co., Ltd.       | 0                                  | 0                                     | 0                                  | 0                                     |  |
| Independent director                             | Yean-Der Kuan                       | 0                                  | 0                                     | 0                                  | 0                                     |  |
| Independent director                             | Li-Rong Hong                        | 0                                  | 0                                     | 0                                  | 0                                     |  |
| Independent director                             | Wen-An Yang                         | 0                                  | 0                                     | 0                                  | 0                                     |  |
| Independent director                             | Ming-Bing Chen                      | 0                                  | 0                                     | 0                                  | 0                                     |  |
| Shareholders holding more than 10% of the shares | TECO Electric & Machinery Co., Ltd. | (196,000)                          | 0                                     | 0                                  | 0                                     |  |
| Manager  | Hsien-Jung Kuo                      | 0                                  | 0                                     | 0                                  | 0                                     | Deputy General Manager, Sales Tech. Department |
| Manager  | Chin-Chung Wu                       | 0                                  | 0                                     | 0                                  | 0                                     | Deputy General Manager, R&D Department (Note1) |
| Manager  | Chih-Hung Chen                      | 9                                  | 0                                     | 0                                  | 0                                     | Assistant Manager, Sales Department (Note 2)   |
| Manager  | Li-Ling Su                          | 0                                  | 0                                     | 0                                  | 0                                     | Assistant Manager, Financial Department        |

Note 1: Chin-Chung Wu, Deputy General Manager of the Sales Department, was reassigned as Deputy General Manager of the R&D Department on April 1, 2025.

Note 2: The Company internally promoted Sales Department Manager Chih-Hung Chen, to Associate Vice President of the Sales Department On August 6, 2025.

**(II) If the equity transferee or the counterparty is a related party, the name of the counterparty, the relationship with the Company, directors, supervisors and shareholders holding more than 10% of the shares and the number of shares acquired or pledged shall be disclosed.**

**Information of the equity transferee or the counterparty who is a related party:**  
None.

**VIII. Information about the top-ten shareholders who are related parties, spouses or relatives within the second degree of kinship.**

Information of top 10 shareholders who are related parties

As of March 31, 2026 Unit: thousand shares

| Name<br>(Note 1)   | Self-owned Shares |                     | Shareholding of spouse and underage children |                     | Shareholding under the title of a third party |                     | Title, name and relationship of the top ten shareholders who have mutual relationship as spouse or blood relatives within the second degree of kinship relationships (notes 3) |                                    | Notes |
|--|-------------------|---------------------|--|---------------------|---|---------------------|--|------------------------------------|-------|
|  | Shares            | Share-holding ratio | Shares                                       | Share-Holding ratio | Shares  | Share-holding ratio | Name   | Relation                           |       |
| TECO Electric & Machinery Co., Ltd.<br>Representative:<br>Li Ming-Xian   | 10,666            | 14.01%              | -  | -                   | -   | -                   |  |                                    |       |
|  | -                 | -                   | -  | -                   | -   | -                   |  |                                    |       |
| Wen-Chi Ko   | 4,414             | 5.80%               | -  | -                   | -   | -                   | Wen-Chi Investment Co., Ltd.   | Representative:<br>Wen-Chi Ko      |       |
| En Hung Investment Co., Ltd.<br>Representative:<br>Shu-Ching Yeh         | 3,149             | 4.14%               | -  | -                   | -   | -                   |  |                                    |       |
|  | 378               | 0.50%               | -  | -                   | -   | -                   | Rung-Pin Yeh   | Father-daughter                    |       |
| Jukun Investment Co., Ltd.<br>Representative:<br>Chung-Kuo Tseng         | 2,923             | 3.84%               | -  | -                   | -   | -                   | Qie Lun Investment Co., Ltd.   | Representative:<br>Chung-Kuo Tseng |       |
|  | 2,423             | 3.18%               | 284  | 0.37%               | 5,481   | 7.20%               |  |                                    |       |
| Dian Jiang Jia Investment Co., Ltd.<br>Representative:<br>Jing-Sung Chen | 2,841             | 3.73%               | 0  | 0                   | -   | -                   |  |                                    |       |
|  | 200               | 0.26%               | -  | -                   | -   | -                   |  |                                    |       |
| Rung-Pin Yeh   | 2,658             | 3.49%               | 96   | 0.13%               | -   | -                   | Shu-Ching Yeh  | Father-daughter                    |       |
| Qie Lun Investment Co., Ltd.<br>Representative:<br>Chung-Kuo Tseng       | 2,558             | 3.36%               | -  | -                   | -   | -                   | Jukun Investment Co., Ltd.   | Representative:<br>Chung-Kuo Tseng |       |
|  | 2,423             | 3.18%               | 284  | 0.37%               | 5,481   | 7.20%               |  |                                    |       |
| Chung-Kuo Tseng  | 2,423             | 3.18%               | 284  | 0.37%               | 5,481   | 7.20%               |  |                                    |       |

|   |       |       |   |   |   |   |   |   |   |
|---|-------|-------|---|---|---|---|---|---|---|
| Wen-Chi Investment Co., Ltd.<br>Representative:<br>Wen-Chi Ko                 | 2,229 | 2.93% | - | - | - | - | - | - | - |
| Hong Sheng Investment Co., Ltd.<br>Representative:<br>Ming-Cheng Wu<br>(Note) | 4,414 | 5.80% | - | - | - | - | - | - | - |
| Hong Sheng Investment Co., Ltd.<br>Representative:<br>Ming-Cheng Wu<br>(Note) | 2,307 | 3.03% | - | - | - | - | - | - | - |
| Hong Sheng Investment Co., Ltd.<br>Representative:<br>Ming-Cheng Wu<br>(Note) | 3,172 | 4.17% | - | - | - | - | - | - | - |

Note: Including 1,180 thousand shares in a trust with the reserved discretion of exercise rights.

Major shareholders of the corporation shareholders among the top 10 shareholders

| Name of corporation shareholder       | Corporation shareholder's main shareholder   |
|---------------------------------------|--|
| Teco Electric and Machinery Co., Ltd. | PJ asset management CO., LTD (15.71%); Hon Hai Precision Industry Co., Ltd. (9.99%); Walsin Lihwa Corporation (9.62%); Jaryuan Investment Co. Ltd (5.05%); Ho Yuan International Investment Co.,Ltd.(2.12%);Creative Sensor Inc. (1.98%); Tong Kuang Investment Co., Ltd. (1.35%); Kuan Yuan Industrial Co., Ltd (1.13%); Yingyi International Investment Co., Ltd. (0.95%); Yuban International Investment Co., Ltd. (0.86) |
| En Hung Investment Co., Ltd.          | Shu-Ching Yeh  |
| Qie Lun Investment Co., Ltd.          | Chung-Kuo Tseng (50%), Yu-Fen Huang (50%)  |
| Dian Jiang Jia Investment Co., Ltd.   | Jing-Sung Chen (94%), Wei-Chung Chen, Yu-Hsia Chou, I-Pu Chen (6%)   |
| Wenji Investment Co., Ltd.            | Wen-Chi Ko (0.43%); Mei-Chiang Ko (99.57%)   |
| Jukun Investment Co., Ltd.            | Chung-Kuo Tseng (20%); Tsung-Ching Tsai (40%); Chun-Chuan Huang (30%); Yu-Fen Huang (5%)   |
| Hong Sheng Investment Co., Ltd.       | Ming-Cheng Wu (12%), Ding-Wen Wu (2%), Wu-Chueh Hsu (10%), Pei-Jung Wu (12%)   |

**IX. Investments held by the Company, the Company’s directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company, and the aggregate shareholding of the parties above.**

**Aggregate shareholding ratio**

March 31, 2026; Unit: thousand shares; %

| Reinvestment enterprises<br>(Note 1)             | Held by the Company |                            | Held by directors,<br>supervisors, managers,<br>and directly or<br>indirectly controlled<br>enterprises |                            | Aggregate ownership |                       |
|--|---------------------|----------------------------|---|----------------------------|---------------------|-----------------------|
|  | Shares              | Shareholding<br>percentage | Shares  | Shareholding<br>percentage | Shares              | Shareholding<br>ratio |
| Ching Chi International<br>Limited               | 6,200               | 83%                        | 1,250   | 17%                        | 7,450               | 100%                  |
| Cozy Air-Conditioning<br>Co., Ltd.               | 6,000               | 100%                       | -   | -                          | 6,000               | 100%                  |
| KLEAN AIR<br>Enterprise Ltd.                     | 4,401               | 100%                       | -   | -                          | 4,401               | 100%                  |
| Kuenling Air Conditioning<br>(Thailand) Co.,Ltd. | 1,000               | 100%                       | -   | -                          | 1,000               | 100%                  |
| Star Royal Co., Ltd.                             | 2,350               | 23.5%                      | 150   | 1.5%                       | 2,500               | 25%                   |
| I Chi Industrial Ltd.                            | Note 2              | 70%                        | -   | -                          | Note 2              | 70%                   |

Note 1: It is an investment of the Company through the equity method.

Note 2: Limited company

## Three. Capital Overview

### I. Matters Related to Capital and Shares

#### (I) Source of capital:

#### 1. History of capital change

|                |                           | As of March 30, 2026 |            |                 |             | Unit: NT\$/share   |   |         |
|----------------|---------------------------|----------------------|------------|-----------------|-------------|--|---|---------|
| Year/<br>Month | Issued<br>price<br>(NT\$) | Authorized capital   |            | Paid-up capital |             | Notes  |   |         |
|                |                           | Shares               | Amount     | Shares          | Amount      | Sources of share capital   | Payment<br>in<br>properties<br>other<br>than cash | Others  |
| 1988.04        | 10                        | 1,000,000            | 10,000,000 | 1,000,000       | 10,000,000  | Cash payment by sponsor  | None  | None    |
| 1993.02        | 10                        | 5,000,000            | 50,000,000 | 6,000,000       | 60,000,000  | Capital increase of NT\$50 million in cash.                            | None  | None    |
| 1995.12        | 10                        | 6,000,000            | 60,000,000 | 12,000,000      | 120,000,000 | Capital increase of NT\$60 million in cash.                            | None  | None    |
| 1996.06        | 10                        | 5,800,000            | 58,000,000 | 17,800,000      | 178,000,000 | Capital increase of NT\$58 million in cash.                            | None  | None    |
| 1996.06        | 10                        | 1,200,000            | 12,000,000 | 19,000,000      | 190,000,000 | Capital increase of NT\$12 million from earnings.                      | None  | None    |
| 1997.07        | 10                        | 1,900,000            | 19,000,000 | 20,900,000      | 209,000,000 | Capital increase of NT\$19 million from earnings.                      | None  | Note 1  |
| 1997.07        | 10                        | 2,100,000            | 21,000,000 | 23,000,000      | 230,000,000 | Capital increase of NT\$21 million in cash.                            | None  | Note 1  |
| 1998.09        | 10                        | 2,300,000            | 23,000,000 | 25,300,000      | 253,000,000 | Capital increase of NT\$23 million from earnings.                      | None  | Note 2  |
| 1999.07        | 10                        | 1,265,000            | 12,650,000 | 26,565,000      | 265,650,000 | Capital increase of NT\$12.65 million from earnings.                   | None  | Note 3  |
| 2000.09        | 10                        | 1,328,250            | 13,282,500 | 27,893,250      | 278,932,500 | Capital increase of NT\$13.28 million from earnings.                   | None  | Note 4  |
| 2001.05        | 14                        | 5,000,000            | 50,000,000 | 32,893,250      | 328,932,500 | Capital increase of NT\$50 million in cash.                            | None  | Note 5  |
| 2007.05        | 10                        | 1,952,527            | 19,525,270 | 34,845,777      | 348,457,770 | Capital increase of NT\$19.53 million from earnings.                   | None  | Note 5  |
| 2002.05        | 10                        | 696,916              | 6,969,160  | 35,542,693      | 355,426,930 | Capital increase of NT\$6.97 million from capital surplus              | None  | Note 6  |
| 2002.05        | 10                        | 696,916              | 6,969,160  | 36,239,609      | 362,396,090 | Capital increase of NT\$6.97 million from earnings.                    | None  | Note 6  |
| 2004.06        | 10                        | 2,899,169            | 28,991,690 | 39,138,778      | 391,387,780 | Capital increase of NT\$28.99 million from earnings.                   | None  | Note 7  |
| 2005.06        | 10                        | 195,694              | 1,956,940  | 39,334,472      | 393,344,720 | Capital increase of NT\$1.96 million from earnings.                    | None  | Note 8  |
| 2005.06        | 10                        | 978,470              | 9,784,700  | 40,312,942      | 403,129,420 | Capital increase of NT\$9.78 million from capital surplus              | None  | Note 8  |
| 2006.06        | 10                        | 688,364              | 6,883,640  | 41,001,306      | 410,013,060 | Capital increase of NT\$6.88 million from convertible bond conversion. | None  | -       |
| 2006.07        | 10                        | 4,651                | 46,510     | 41,005,957      | 410,059,570 | Capital increase of NT\$46,000 from convertible bond conversion.       | None  | -       |
| 2006.06        | 10                        | 2,015,648            | 20,156,480 | 43,021,605      | 430,216,050 | Capital increase of NT\$20.15 million from earnings.                   | None  | Note 9  |
| 2007.03        | 10                        | 14,634               | 146,340    | 43,036,239      | 430,362,390 | Capital increase of NT\$146,000 from convertible bond conversion.      | None  | -       |
| 2007.06        | 10                        | 507,314              | 5,073,140  | 43,543,553      | 435,435,530 | Capital increase of NT\$5.07 million from convertible bond conversion. | None  | -       |
| 2007.06        | 10                        | 2,151,081            | 21,510,810 | 45,694,634      | 456,946,346 | Capital increase of NT\$20.15 million from earnings.                   | None  | Note 10 |
| 2007.08        | 10                        | 97,560               | 975,600    | 45,792,194      | 457,921,940 | Capital increase of NT\$975,000 from convertible bond conversion.      | None  | -       |
| 2008.06        | 10                        | 4,121,298            | 41,212,980 | 49,913,492      | 499,134,920 | Capital increase of NT\$41.21 million from earnings.                   | None  | Note 11 |
| 2009.06        | 10                        | 2,495,675            | 24,956,750 | 52,409,167      | 524,091,670 | Capital increase of NT\$24.95 million from earnings.                   | None  | Note 12 |
| 2011.06        | 10                        | 1,048,184            | 10,481,840 | 53,457,351      | 534,573,510 | Capital increase of NT\$10.48 million from earnings.                   | None  | Note 13 |

### Three. Capital Overview

| Year/<br>Month | Issued<br>price<br>(NT\$) | Authorized capital |               | Paid-up capital |             | Notes   |   |         |
|----------------|---------------------------|--------------------|---------------|-----------------|-------------|---|---|---------|
|                |                           | Shares             | Amount        | Shares          | Amount      | Sources of share capital  | Payment<br>in<br>properties<br>other<br>than cash | Others  |
| 2012.06        | 10                        | 2,672,868          | 26,728,680    | 56,130,219      | 561,302,190 | Capital increase of NT\$26.72 million from earnings.                    | None  | Note 14 |
| 2012.07        | 10                        | 160,488            | 1,604,880     | 56,290,707      | 562,907,070 | Capital increase of NT\$1.604 million from convertible bond conversion. | None  |         |
| 2012.10        | 10                        | 2,360,126          | 23,601,260    | 58,650,833      | 586,508,330 | Capital increase of NT\$23.6 million from convertible bond conversion.  | None  |         |
| 2013.01        | 10                        | 2,679,106          | 26,791,060    | 61,329,939      | 613,299,390 | Capital increase of NT\$26.79 million from convertible bond conversion. | None  |         |
| 2013.03        | 10                        | 6,892,114          | 68,921,140    | 68,222,053      | 682,220,530 | Capital increase of NT\$68.92 million from convertible bond conversion. | None  |         |
| 2013.08        | 10                        | 100,000,000        | 1,000,000,000 | 75,495,991      | 754,959,910 | Capital increase of NT\$72.74 million from convertible bond conversion. | None  |         |
| 2013.11        | 10                        | 100,000,000        | 1,000,000,000 | 76,152,370      | 761,523,700 | Capital increase of NT\$6.56 million from convertible bond conversion.  | None  |         |

Note 1: Approved via the letter from the Securities and Futures Commission, Ministry of Finance dated July 3, 1997 referenced (86) Tai-Tsai-Cheng (I) No. 52535.

Note 2: Approved via the letter from the Securities and Futures Commission, Ministry of Finance dated September 28, 1998 referenced (87) Tai-Tsai-Cheng (I) No. 82999.

Note 3: Approved via the letter from the Securities and Futures Commission, Ministry of Finance dated July 17, 1999 referenced (88) Tai-Tsai-Cheng (I) No. 65574.

Note 4: Approved via the letter from the Securities and Futures Commission, Ministry of Finance dated September 28, 2000 referenced (89) Tai-Tsai-Cheng (I) No. 80803.

Note 5: Approved via the letter from the Securities and Futures Commission, Ministry of Finance dated May 3, 2001 referenced (90) Tai-Tsai-Cheng (I) No. 119474.

Note 6: Approved via the letter from the Securities and Futures Commission, Ministry of Finance dated May 14, 2002 referenced (92) Tai-Tsai-Cheng (I) No. 125961.

Note 7: Approved via the letter from the Securities and Futures Commission, Ministry of Finance dated June 3, 2004 referenced Tai-Tsai-Cheng I No. 0930124621.

Note 8: Approved via the letter from the Securities and Futures Bureau, Financial Supervisory Commission dated June 30, 2005 referenced Jin-Guan-Cheng I No. 0940126243.

Note 9: Approved via the letter from the Securities and Futures Bureau, Financial Supervisory Commission dated June 29, 2006 referenced Jin-Guan-Cheng I No. 0950127383.

Note 10: Approved via the letter from the Securities and Futures Bureau, Financial Supervisory Commission dated June 25, 2007 referenced Jin-Guan-Cheng I No. 0960032749.

Note 11: Approved via the letter from the Securities and Futures Bureau, Financial Supervisory Commission dated June 24, 2008 referenced Jin-Guan-Cheng I No. 0970031333.

Note 12: Approved via the letter from the Securities and Futures Bureau, Financial Supervisory Commission dated June 23, 2009 referenced Jin-Guan-Cheng I No. 0980031146.

Note 13: Approved via the letter from the Securities and Futures Bureau, Financial Supervisory Commission dated June 14, 2011 referenced Jin-Guan-Cheng I No. 1000027189.

Note 14: Approved via the letter from the Securities and Futures Bureau, Financial Supervisory Commission dated June 15, 2012 referenced Jin-Guan-Cheng I No. 1010026844.

## 2. Types of share capital

March 30, 2026/share

| Share category           | Authorized capital |                 |             | Notes              |
|--------------------------|--------------------|-----------------|-------------|--------------------|
|                          | Outstanding shares | Unissued shares | Total       |                    |
| Registered common shares | 76,152,370         | 23,847,630      | 100,000,000 | TPEX listed shares |

**3. Information to be disclosed for the offering and issuance of securities under the blanket reporting system: None.**

**(II) List of Major Shareholders:**

Base date: March 30, 2026

| Name of major shareholder           | Shares | No. of shares held | Shareholding ratio |
|-------------------------------------|--------|--------------------|--------------------|
| TECO Electric & Machinery Co., Ltd. |        | 10,665,642         | 14.01%             |
| Wen-Chi Ko                          |        | 4,414,075          | 5.80%              |
| En Hong Investment Co., Ltd.        |        | 3,149,000          | 4.14%              |
| Jukun Investment Co., Ltd.          |        | 2,923,000          | 3.84%              |
| Dian Jiang Jia Investment Co., Ltd. |        | 2,841,000          | 3.73%              |
| Rung-Pin Yeh                        |        | 2,658,418          | 3.49%              |
| Qie Lun Investment Co., Ltd..       |        | 2,558,000          | 3.36%              |
| Chung-Kuo Tseng                     |        | 2,423,351          | 3.18%              |
| Hong Sheng Investment Co., Ltd.     |        | 2,307,000          | 3.03%              |
| Wen-Chi Investment Co., Ltd.        |        | 2,229,303          | 2.93%              |

**(III) Dividend Policy and Execution Status:**

**1. Dividend policy**

The industrial environment of the Company is changing, and the Company is in a stable growth stage. The Company will conduct the future capital demand forecast and long-term financial planning, and seek to maximize shareholders' rights and benefits. If there is any surplus after the annual final account, in addition to paying taxes according to laws and regulations, the Company shall first make up for the losses of previous years, and then allocate 10% as the legal reserve, except when the legal reserve has reached the total capital. When our company makes appropriations to the special surplus reserve in accordance with legal requirements, any shortfall in the provision for "Net Increase in Fair Value of Investment Properties Accumulated in Previous Periods" and "Net Decrease in Other Equity Items Accumulated in Previous Periods" should be first set aside from the undistributed earnings in previous periods before profit distribution. If there is still a shortfall, it should be set aside the current undistributed earnings, excluding current net income, by including other items. After the appropriation or reversal of the special surplus reserve as required by laws and regulations, together with the beginning balance of undistributed earnings, it becomes the accumulated distributable earnings for shareholders. The Board of Directors shall prepare a distribution proposal, and when the distribution is made by issuing new shares, it shall be submitted for resolution at a shareholders' meeting before the distribution. The amount of cash and stock dividends distributed shall not be less than 50% of the distributable earnings of the current year, and the cash dividend shall not be less than 10% of the total amount distributed in the current year.

The dividend policy of the Company is determined based on factors such as earnings stability, evaluation of future annual operating development, moderate earnings retention and shareholders' tax burden. In the future, we will take the balanced dividend policy as the goal, which in the long run can protect investors' rights and interests, and control the flow of funds and maintain the Company's image. (the dividend policy over the years was the payment of cash dividend, and the dividend payout rate is more than 70%. For 2024, a cash dividend of NT\$3.2 was distributed, with a dividend payout rate of 88%. For 2025, the dividend policy will be a distribution of cash dividend of NT\$3.0, and the cash yield is 7.28%.)

## 2. Proposed dividend distribution at the shareholders' meeting:

The Company's profit distribution plan for 2025 was approved at the Board of Directors on March 11, 2026 and report to the general shareholders' meeting for recognition.

Unit: NT\$

| Cash Dividends     |             | Stock dividend     |        |
|--------------------|-------------|--------------------|--------|
| dividend per share | Amount      | dividend per share | Amount |
| 3.0                | 228,457,110 | 0                  | 0      |

## 3. When the dividend policy is expected to be subject to significant changes, explain the situation: Not applicable.

## (IV) Impact of the Proposed Stock Dividend for the Current Year on The Company's Business Performance and Earnings per Share: Not applicable.

## (V) Remuneration of Employees, Directors and Supervisors:

### 1. Percentage or range of employees and directors and supervisors remuneration as stated in the Articles of Incorporation.

The Company shall distribute employees' remuneration at a rate of 3% to 7%, and no less than 2% shall be distributed to grassroots employees, directors' remuneration at a rate of no more than 3% based on the profit of the current year. However, the cumulative loss, if any, shall be offset first.

### 2. The basis for estimating the remuneration of employees, directors and supervisors in the current period, the basis for calculating the number of shares distributed as employee remuneration, and the accounting treatment for the difference between the actual distribution amount and the estimated amount.

- a. The estimated amount of the Company's employees' bonus and director's remuneration is based on the profit status as of the current period, the percentage range set out in the Articles of Association, and the profit status and performance evaluation results of the current year.
- b. The calculation basis of the number of shares paid as employees' remuneration: Not applicable.
- c. If there is any difference between the actual distribution amount and the estimated amount, it shall be listed as the next year's profit and loss according to treatment for the change of accounting estimate.

**3. Distribution of remuneration approved by the Board of Directors:**

- (1) Amounts of employees' remuneration and directors' and supervisors' remuneration paid in cash or stock. If there is any discrepancy between the recognized expense amount and the estimated amount for the year, the discrepancy, reasons and treatment shall be disclosed:

Unit: NT\$

| Item                    | Amount to be distributed | Estimated amount | Difference | Reason for the difference | Treatment of the difference |
|-------------------------|--------------------------|------------------|------------|---------------------------|-----------------------------|
| Directors' remuneration | 9,074,266                | 9,074,266        | -          | No difference             | None                        |
| Employees' remuneration | 21,173,288               | 21,173,288       | -          |                           |                             |

- (2) The amount of employees' remuneration distributed by shares, and its proportion to the total after-tax profit and total employees' remuneration in the individual or respective financial report in the current period: Not applicable.

**4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number and amount of shares distributed and the share price); if there is a difference from the recognized remuneration of employees, directors and supervisors, state the differences, reasons and treatment.**

Unit: NT\$

| Item                    | Amount to be distributed | Estimated amount | Difference | Reason for the difference | Treatment of the difference |
|-------------------------|--------------------------|------------------|------------|---------------------------|-----------------------------|
| Directors' remuneration | 11,705,696               | 11,705,696       | -          | No difference             | None                        |
| Employees' remuneration | 27,313,291               | 27,313,291       | -          |                           |                             |

**(VI) Other Matters:**

The Company's repurchase of its own shares: The Company had no such situation as of April 30, 2026.

- II. Handling of corporate bonds:** None.
- III. Handling of preferred shares:** None.
- IV. Handling of overseas depository receipts:** None.
- V. Handling of employee stock option certificates:** The Company had no such situation as of April 30, 2026.
- V-1. Handling of restricted employee shares not yet fully vested:** The Company had no such situation as of April 30, 2026.
- V-2. Handling of names and acquisition status of managerial personnel and the top ten employees (by number of shares):** The Company had no such situation as of April 30, 2026.
- VI. Handling of new shares issued for merger or acquisition or assignment of shares of other companies:** The Company had no such situation as of April 30, 2026.
- VII. Implementation of the fund utilization plan, including the plan content and implementation status:** The Company has no situation where the issuance has not been completed, or has been completed in the last three years but the planned benefits have not yet been shown.

## Four. Operational Highlights

### I. Business Activities

#### (I) Business Scope:

##### 1. The major businesses of the Group are as follows:

- (1) CB01071 Frozen and Air-Conditioning Equipment Manufacturing
- (2) E602011 Refrigeration and Air Conditioning Engineering
- (3) CB01010 Mechanical Equipment Manufacturing
- (4) E604010 Machinery Installation
- (5) F401010 International Trade
- (6) JE01010 Rental and Leasing
- (7) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- (8) CA02060 Metal Containers Manufacturing
- (9) CB01990 Other Machinery Manufacturing
- (10) D401010 Thermal Energy Supply
- (11) E599010 Piping Engineering
- (12) E601010 Electric Appliance Construction
- (13) E601020 Electric Appliance Installation
- (14) E603050 Automatic Control Equipment Engineering
- (15) E603100 Electric Welding Engineering
- (16) EZ15010 Warming and Cooling Maintenance Construction
- (17) EZ99990 Other Engineering
- (18) I101061 Professional Engineering Consulting
- (19) IG03010 Energy Technical Services
- (20) A102020 Agricultural Products Preparations

##### 2. Business proportion of main products:

Unit: NT\$ thousand; %

| Product Type                | Sales Performance<br>in 2025 | % of annual sales |
|-----------------------------|------------------------------|-------------------|
| Chiller Unit                | 1,768,181                    | 57.65%            |
| Condenser Unit              | 28,477                       | 0.93%             |
| Maintenance Income          | 257,310                      | 8.39%             |
| Engineering                 | 237,265                      | 7.74%             |
| Fan Coil Units and Terminal | 327,438                      | 10.67%            |
| Others                      | 448,668                      | 14.62%            |
| Total                       | 3,067,339                    | 100.00%           |

### **3. Main products:**

- (1) Host and equipment: centrifugal chiller, full liquid chiller, dry-type chiller, water-cooled brine machine, DC variable frequency centrifugal chiller, water source heat pump, air-cooled chiller and heat pump, hot and cold water machine, air source water heater, computer room air conditioner and condenser unit, ventilation equipment, refrigeration equipment, marine equipment, heat exchanger, vacuum freeze dryer, ice storage tank, ice maker, and condenser automatic washing machine.
- (2) System engineering integration: planning, design and construction of refrigeration system, monitoring system, planning, design and construction of ice storage system, computer room air conditioning, chiller equipment preservation service, and project management.

### **4. New products planned to be developed:**

- (1) Key technology and verification development of magnetic levitation centrifuge chiller.
- (2) Development of microcomputer human-machine.
- (3) Development of energy saving products for refrigeration and air conditioning.
- (4) Development of large chiller units with high efficiency.
- (5) Refrigeration equipment.
- (6) Development of low ODP and GWP.
- (7) Development of Data Center Cooling System

## **(II) Industry Overview:**

### **1. Current industry status and future prospects**

#### **(1) Current industry status**

The refrigeration and air conditioning industry is a high-tech industry that combines the fields of machinery, electrical machinery, electronics, meteorology, chemistry and so on. Because the products have the functions of regulating the humidity and temperature in the indoor air, air exchange and sterilization, they have a wide and deep application field. They are common equipment in ordinary families and necessary items for buildings; some are peripheral support in industrial production, and some are the process itself. Therefore, it is an important livelihood industry to meet modern human needs, and also the advanced engineering technology to support industrial development. In addition to relying on precision technology, the high-precision semiconductor factory, wafer factory, biochemical technology and other related industries are quite strict with the temperature, humidity and cleanliness offered by air conditioners. Therefore, the so-called "refrigeration and air conditioning industry" is the mother of precision industry, which is a fact. Its development and application also play a key role in the development stage of the national economy.

The Group is a professional manufacturer of chiller units for central air conditioning systems. The chiller units are composed of motors, compressors, heat exchangers and refrigerant expansion devices, and are the main products to support the central air

conditioning system. The central air conditioning system is an integrated system, which will affect the energy consumption of the air conditioning system from the building structure, air conditioning load calculation, selection of air conditioning systems and equipment, planning and design of indoor space and air supply system, system installation and configuration, and subsequent operation and maintenance. The largest energy-consuming equipment in the air conditioning system is chiller, accounting for about 60%, so its efficiency will affect the overall air conditioning's operation efficiency. Chiller units are widely used in office buildings, hospitals, banks, airports, theatres, department stores, supermarkets, hotels, stadiums and other large business places, as well as in manufacturing, construction cement industry, clean rooms, telecommunications rooms, food processing and other industrial processes. They can be divided into centrifugal, spiral, reciprocating and scroll types according to the type of the compressor; if categorized by a condenser, they can be divided into water cooled, air cooled and evaporative cooling types; if categorized by an evaporator, they can be divided into dry expansion and full liquid types.

In the 50s and 60s, Taiwan was at the stage of industrial take-off. The government vigorously tutored and nurtured relevant industries, and the domestic industry and commerce were well developed; the construction industry was booming, and office buildings were everywhere, which prompted a high demand for air-conditioning systems and equipment. Since the 80s, the domestic refrigeration and air-conditioning industry made a considerable progress in manufacturing technology, design and construction capacity, and people pay more attention to the quality of living environment because of the substantial increase in national income. Therefore, the growth of refrigeration and air-conditioning products was considerable, and reached the peak in 1995 and 1996. With the change of the environment and the transformation of the industry, the application of chiller units now covers all aspects of human life, including food, clothing, housing, transportation and entertainment. In response to the trend of environmental protection and energy consumption reduction, intelligent technology has been developed to improve the responsiveness, avoid energy consumption, and rationalize the maintenance cycle and cost of equipment by monitoring the power consumption, operation and maintenance of ice water host equipment in real-time for the concrete achievements in smart green buildings.

Global demand for air conditioners has been expanding in recent years: Rising temperatures and humidity levels around the world and growing awareness of air conditioners as a public utility rather than a luxury item are expected to drive significant growth in the air conditioner business. The growing demand for air conditioning in office buildings, retail spaces, healthcare facilities, data center AI rooms, and manufacturing

plants is driving the market growth as companies prioritize employee comfort, productivity, and equipment cooling. The government puts effort into improving energy efficiency and reducing greenhouse gas emissions through regulations, incentives, and energy efficiency standards that encourage the adoption of energy-efficient air conditioning systems, which in turn drives the market demand. Overall, the market growth not only comes from climate change and increased basic demand, but is also driven by industrial technology upgrades and policy-driven. In the future, high efficient energy-saving and intelligent will become the mainstream of the market, promoting the further development of the refrigeration and air-conditioning industry.

Looking ahead to 2026, the global economy continues to face a high level of uncertainty, with risk factors gradually shifting from inflation and interest rate pressures toward policy and geopolitical issues. The recent escalation in tensions between the United States and Iran has led to noticeable fluctuations in international oil prices, further increasing uncertainty in global inflation and economic growth. At the same time, weak domestic demand in China and the ongoing adjustment in its real estate sector, along with potential shifts in U.S. policy direction, may affect global capital flows. Amid these overlapping risks, while a full-scale global recession is not expected in 2026, low growth and high volatility are likely to remain as key characteristics. According to the data of the Department of Statistics, the Ministry of Economic Affairs, the sales value of the central air-conditioning system reached NT\$3,239.20 million in 2025, representing a 0.55% increase compared to NT\$3,221.58 million in 2024. Accordingly, the overall output value of Taiwan’s central air-conditioning system industry in 2026 is expected to show a moderating growth trend.

Statistics of Annual Sales Volume and Sales Value of Central Air-Conditioning System

| Year | Sales volume<br>(unit) | Growth Rate<br>(%) | Sales value<br>(NT\$10 thousand) | Growth Rate<br>(%) |
|------|------------------------|--------------------|----------------------------------|--------------------|
| 2001 | 7,171                  | (21.60)            | 138,819                          | (18.60)            |
| 2002 | 6,315                  | (11.94)            | 120,583                          | (13.14)            |
| 2003 | 7,712                  | 22.12              | 167,235                          | 38.69              |
| 2004 | 11,308                 | 46.63              | 232,808                          | 39.21              |
| 2005 | 11,387                 | 0.70               | 236,917                          | 1.76               |
| 2006 | 13,507                 | 18.62              | 253,071                          | 6.82               |
| 2007 | 11,837                 | (12.36)            | 204,611                          | (19.15)            |
| 2008 | 12,339                 | 4.24               | 236,874                          | 15.77              |
| 2009 | 9,143                  | (25.90)            | 197,979                          | (16.42)            |

| Year | Sales volume<br>(unit) | Growth Rate<br>(%) | Sales value<br>(NT\$10 thousand) | Growth Rate<br>(%) |
|------|------------------------|--------------------|----------------------------------|--------------------|
| 2010 | 11,597                 | 26.84              | 248,020                          | 25.28              |
| 2011 | 10,198                 | (12.06)            | 264,581                          | 6.68               |
| 2012 | 8,605                  | (15.62)            | 256,706                          | (2.98)             |
| 2013 | 9,674                  | 12.42              | 255,771                          | (0.36)             |
| 2014 | 9,183                  | (5.08)             | 275,138                          | 7.57               |
| 2015 | 10,596                 | 15.39              | 321,372                          | 16.8               |
| 2016 | 8,725                  | (17.66)            | 296,949                          | (7.60)             |
| 2017 | 8,222                  | (5.77)             | 287,352                          | (3.23)             |
| 2018 | 7,731                  | (5.97)             | 271,226                          | (5.61)             |
| 2019 | 7,325                  | (5.25)             | 238,649                          | (12.01)            |
| 2020 | 6,977                  | (4.75)             | 225,258                          | (5.61)             |
| 2021 | 6,625                  | (5.05)             | 223,479                          | (0.79)             |
| 2022 | 7,459                  | 12.59              | 265,098                          | 18.62              |
| 2023 | 7,707                  | 3.32               | 287,648                          | 8.51               |
| 2024 | 7,561                  | (1.89)             | 322,158                          | 12.00              |
| 2025 | 7,275                  | (3.78)             | 323,920                          | 0.55               |

Note: Source: Department of Statistics, the Ministry of Economic Affairs

## (2) Development trend

The global air conditioning equipment is facing an unprecedented revolution in recent years. Under the dual requirements of energy saving and environmental protection, the development and application of energy saving, high efficiency and alternative refrigerant will become the most important topic of the air conditioning industry. In the future, as the air conditioning products and technologies are gradually developing towards the directions of complexity, multi-function, environmental protection and energy saving, the industry will strengthen frequency conversion control, compressor manufacturing, high efficiency heat exchanger, comfortable airflow distribution, air quality control, new refrigerant technology and other key components and equipment manufacturing technologies of air conditioning systems. In addition, in order to meet the air conditioning environment required by high-tech industries, dust-free clean room environmental control and information technology will be the main development priorities.

In terms of chiller units for central air conditioning, due to the lack of water or poor water quality in some parts of Taiwan, the condenser and cooling water tower of water-

cooled ice water units have serious scaling, which has led to the development trend of air-cooled chiller units, and the refrigeration capacity is also towards large-scale development, while the performance and efficiency of spiral compressors required for chiller units are still equivalent to those of large foreign manufacturers. Looking forward to the development of the global magnetic levitation centrifugal refrigerant compressor, Taiwan's supply chain of magnetic levitation centrifuges has decided to actively participate by launching the industry's energy project R&D plan, and the commercial model has been completed in 2022. The magnetic levitation centrifugal chiller has the advantages of high partial load efficiency, low vibration noise, environmental protection and oil-free, low maintenance requirement, and intelligent operation. It is a new generation of machines that have been fully developed by large chiller plants around the world, and is currently in a rapid growth period.

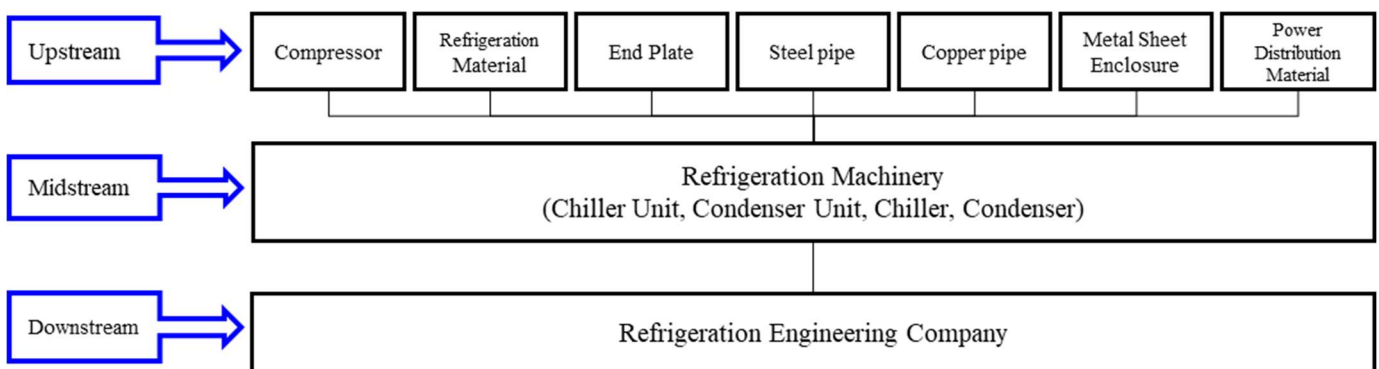
It is imperative to change the environmental protection refrigerant, and due to the high price of new environment-friendly refrigerants, the price of chiller units with new environment-friendly refrigerants is higher than traditional models. However, the demand for new environment-friendly refrigerant units will be very considerable in the future, making the market tend towards the new refrigerant units.

In terms of sustainable development, the Group has aligned itself with global standards, actively transitioning to high-efficiency and energy-saving units while obtaining energy efficiency certifications. Additionally, the company has incorporated a carbon levy mechanism into its operational strategy to promote internal emission reductions and environmental investments. The Company has also set a long-term development goal to achieve net-zero emissions by 2050, ensuring the Company's operations align with environmental sustainability. To achieve these goals, the Company is actively researching new refrigerants (low GWP) and gradually completing the development of low GWP models to enhance energy efficiency.

From the global level to Taiwan, the AI-driven data center boom is no longer just a topic for the technology industry, but a key variable affecting grid resilience, energy transition, and industrial competitiveness. In the next decade, whoever can achieve a balance between stable power supply, green energy deployment, and computing power will have the opportunity to gain an advantage in this AI energy race; conversely, ignoring the structural pressures on power and infrastructure will render even the most advanced models and chips ineffective due to power shortages and load limitations. Heat dissipation in computing power will dominate the size of computing centers, and our company is developing cooling equipment for computing centers in response to this future trend.

## 2. Relationship among the upstream, midstream, and downstream of the refrigeration and air conditioning manufacturing industry

The upstream of the refrigeration and air conditioning industry mainly consists of suppliers of components such as compressors, refrigeration materials, end plates, iron pipes, copper pipes, distribution boxes and distribution materials. Since the domestic manufacturing technology and mass production scale of key components cannot match those of foreign manufacturers, most components must rely on foreign imports. The midstream is the refrigeration machinery manufacturer of the Company's chillers and refrigeration units that make up the central air-conditioning system. As for the downstream, there are refrigeration engineering companies responsible for installing and maintaining central air-conditioning systems. As Taiwan's central air-conditioning industry is gradually moving towards a system of separation of production and sales, refrigeration engineering companies are responsible for facing end users to ensure the quality of construction and maintenance. In general, since office buildings, commercial plazas, high-tech factories, etc. all need to use central air-conditioning systems to regulate the air temperature and create a comfortable working and living environment, their demand is closely related to the prosperity of the economy, public works and real estate.



## 3. Product development trend

- (1) The construction of super-high buildings is one of the development focuses of high-efficiency chiller units.
- (2) With the rising awareness of environmental protection, energy conservation and power limitation crisis, the demand for high-efficacy, high-tech and high-efficiency ice storage machines and ice storage air-conditioning equipment utilizing off-peak electricity will become the mainstream.
- (3) In our country, the rapid industrial upgrade, continuous improvement of quality, and the creation of product added value have become inevitable trends in the development of various industries, including agriculture, forestry, fisheries, and animal husbandry.
- (4) Due to the power shortage crisis, the concept of virtual power plant has been developed recently. The intelligent host (IOT controller and IOT firewall device) can receive the unloading instructions of the air conditioning DR unloading cloud platform ([www.abridr.tw](http://www.abridr.tw)) (less than 2 seconds) or the cloud platform designated by the Executive Yuan and start to unload. The host unloading capacity can save more than 30% energy. The small capacity that can cooperate with the demand response breaks through the restrictions of participating in the financial model and physical equipment model of the independent power dispatching center, and can flexibly define the virtual power plant at any level of grid type and geographical entity location.

- (5) In response to the demand for environmental protection and the trend of low ozone depletion potential (ODP) and global warming potential (GWP) refrigerants, the Company is actively seeking next-generation alternative refrigerants to develop new refrigerant (low ODP, low GWP) units.

#### 4. Competition

The Group mainly produces central system chiller units. At present, the domestic manufacturers of chiller units have been listed except for Teco, Tatung, ZTE and other companies. Hitachi, Trane, Daikin and Taiwan Carrier are foreign-funded companies, and Super Ari Condition, Leading, Yangfan and Guo Hsiang are domestic manufacturers. However, among these listed companies and publicly issued companies, the sales of chilled water units account for a relatively low proportion of their overall operating income; China is a huge and important market for chiller units; in addition to the aforementioned Taiwanese businesses and international giants, there are also well-known local companies and manufacturers such as Haier, Midea, Gree and Vatti. The competition among these players is even more intense. Our plant in Vietnam has the advantages of local manufacturing and after-sales service because of local manufacturing. Recently, Chinese manufacturing giants have been aggressively entering the Taiwanese and Southeast Asian markets using low-cost strategies, intensifying the competition even further.

The market share of the Company's central-system chiller units is as follows:

Unit: NT\$ thousand; %

| Item<br>Year | Sales amount of<br>Kuen Ling | National sales<br>amount | Market share |
|--------------|------------------------------|--------------------------|--------------|
| 2001         | 543,331                      | 1,388,193                | 39.14%       |
| 2002         | 613,931                      | 1,205,827                | 50.91%       |
| 2003         | 794,217                      | 1,672,355                | 47.49%       |
| 2004         | 883,135                      | 2,328,080                | 37.93%       |
| 2005         | 797,701                      | 2,369,173                | 33.67%       |
| 2006         | 837,116                      | 2,530,714                | 33.08%       |
| 2007         | 779,487                      | 2,046,115                | 38.10%       |
| 2008         | 920,115                      | 2,368,742                | 38.84%       |
| 2009         | 645,023                      | 1,979,791                | 32.58%       |
| 2010         | 880,668                      | 2,480,196                | 35.51%       |
| 2011         | 957,910                      | 2,645,807                | 36.20%       |
| 2012         | 1,010,614                    | 2,567,058                | 39.37%       |
| 2013         | 931,269                      | 2,557,709                | 36.41%       |
| 2014         | 1,057,991                    | 2,751,384                | 38.45%       |

|      |           |           |        |
|------|-----------|-----------|--------|
| 2015 | 1,192,702 | 3,213,715 | 37.11% |
| 2016 | 1,178,679 | 2,969,488 | 39.69% |
| 2017 | 1,191,441 | 2,873,523 | 41.46% |
| 2018 | 1,210,621 | 2,712,255 | 44.64% |
| 2019 | 891,364   | 2,386,489 | 37.35% |
| 2020 | 853,405   | 2,252,577 | 37.89% |
| 2021 | 831,307   | 2,234,786 | 37.20% |
| 2022 | 1,076,858 | 2,650,981 | 40.62% |
| 2023 | 1,016,073 | 2,876,483 | 35.32% |
| 2024 | 1,314,570 | 3,221,584 | 40.81% |
| 2025 | 1,264,536 | 3,239,202 | 39.04% |

Source: The national total sales amount is based on the monthly report of industrial production statistics of the Department of Statistics of the Ministry of Economic Affairs.

Note: The above-mentioned sales amount of the Company includes ODM and OEM.

The sales statistics is based on the individual sales data of Kuen Ling.

The competitive advantages of our products lie in the complete range of products, comprehensive data of design drawing library, excellent quality and rapid delivery.

### (III) Technology and R&D Overview

#### 1. R&D expenses

Unit: NT\$ thousand

| Item                      | Year         | 2024      | 2025      |
|---------------------------|--------------|-----------|-----------|
|                           | R&D Expenses |           | 69,994    |
| Net Revenue               |              | 3,649,379 | 3,067,339 |
| Percentage of Net Revenue |              | 1.92%     | 2.11%     |

#### 2. Technologies or products successfully developed

| Year | Technologies or products successfully developed  |
|------|--|
| 1999 | 1. Development of the corrosion-resistant air-cooled chiller unit.<br>2. The chiller originally used 1/2 "copper pipe instead of 3/8" copper pipe, the two front and rear refrigerant-end covers were changed to one, and the copper pipe was changed from a straight shape to U-shaped. |
| 2000 | 1. Research on the performance of shell-and-tube heat exchanger and plate-fin heat exchanger.<br>2. The design and manufacturing of full liquid-type central air conditioning chiller units<br>3. Development of environment-friendly low-noise fans.                                    |
| 2001 | The development of environmentally friendly refrigerant new models has been completed.   |
| 2002 | High EER air-cooled chiller box machines for computer rooms.   |

|      |  |
|------|--|
| 2003 | R-407C refrigerant air-cooled chiller single crystal control circuit.  |
| 2004 | Air-cooled full-liquid chiller.  |
| 2005 | Centrifuge 650RT.  |
| 2006 | 1. Two-stage centrifuge 500RT.<br>2. Development of the environment-friendly refrigerant R-410A chiller unit.  |
| 2007 | Vacuum freeze dryer.   |
| 2008 | Development of integrated refrigeration unit.  |
| 2009 | Development of spraying chiller unit.  |
| 2010 | Development of tube ice machine unit.  |
| 2010 | Development of water cooled heat pump defrosting condensing unit.  |
| 2011 | Development of evaporative cooling-type chiller unit.  |
| 2012 | Low temperature water source heat pump unit.   |
| 2012 | Development of the open-type brine unit.   |
| 2012 | Cold and hot double-effect energy-increasing unit.   |
| 2012 | Integrated ground-source heat pump unit.   |
| 2013 | Development of the 30 "fan blade.  |
| 2013 | High-efficiency full-liquid air-cooled heat pump unit.   |
| 2014 | Development of the two-stage vortex high-temperature heat pump system.   |
| 2015 | Explosion-proof brine unit.  |
| 2016 | Semi-contact freezing unit (SCF).  |
| 2017 | Container express depot.   |
| 2018 | Air-cooled DC variable frequency condensing unit.  |
| 2019 | Development of the agricultural unhusked rice drying and sludge dryer.   |
| 2020 | Smart host (IOT controller and IOT firewall device)  |
| 2021 | Localized magnetic levitation centrifugal unit, Kuen Ling microcomputer human-machine.   |
| 2022 | DC Inverter box type unit, localization of magnetic levitation centrifugal units   |
| 2023 | China Steel DC frequency conversion box type machine, "Zero Tolerance" COP $\geq 7.1$ , energy efficiency level 1 domestically produced maglev centrifuge unit |
| 2024 | Low greenhouse effect refrigerant R1234ze (GWP=1) magnetic floating chiller unit, R513A (GWP=573) environment-friendly refrigerant magnetic floating chiller   |
| 2025 | Development of the Siemens ELC DDC controller  |

## (IV) Long and Short-Term Business Development Plans

### 1. Short-term plans

- (1) Diversifying product portfolio: To meet market demands and development trends, the company is promoting the development of high-efficiency DC frequency conversion centrifugal chiller units, spiral full liquid chiller units, and air-cooled chiller for the refrigeration and air conditioning market. The sales of supporting equipment such as water chillers and condensers are continuously growing, allowing the company to achieve a diversified product portfolio.
- (2) Strengthening the marketing of energy conservation and environmental protection products: In response to the demand of customers for energy efficiency improvement and the trend of world environmental protection, actively expand the market of environment-friendly refrigerants, centrifugal chiller unit, full liquid chiller unit and other high energy efficiency machines.

### 2. Long-term plans

- (1) Marketing strategies:
  - A. Establishing overseas marketing bases: Under the government's established policy of vigorously promoting liberalization and internationalization, the domestic

market will be more open in the future. The Company is sensitive to the changes in the industrial environment, will be committed to the establishment of overseas business bases, and will strive to increase export sales, in order to seek space for development in the international market.

- B. Establishing strategic alliances with well-known manufacturers: Actively seeking opportunities for technical cooperation with well-known equipment manufacturers at home and abroad to improve the image of our products and acquire the most advanced technology.
- (2) Expanding overseas production bases based on the consideration of the economic scale and labor costs, in order to reduce production and transportation costs, and then improve the Company's market competitiveness.
- (3) The products of the Group are high-priced goods, so customers have high requirements for quality and after-sales service. Vertically integrate the supply chain ensures that the quality is free of concern, and provide customers with complete installation, maintenance, and real-time monitoring of energy management services, and improve revenue and profit by integrating the upstream and downstream.
- (4) The Group actively develops its products at multiple levels, in combination with the development of agriculture and fishery, such as the mushroom growth system, low temperature freezing treatment of fishery, cold drink preservation of vegetables and fruits, and meat processing and freezing preservation, in order to reduce production costs and raw material inventory, and make future maintenance fast and convenient, which will effectively promote the Company's popularity and profit increase.

## II. Market and Sales Overview

### (I) Market Analysis

#### 1. Areas where the Company's main products (services) are sold (provided)

The Group is a professional manufacturer of chiller units and condensing units, and its products are mainly sold to ODM and OEM customers and refrigeration and air-conditioning engineering companies. Because Taiwan is located in the subtropical zone, and building development is an inevitable trend, the demand for the central air-conditioning system is relatively urgent. In addition, the products provided by the Group are highly recognized by domestic large manufacturers in terms of quality, delivery time, price and service. As a result, the Group has predominantly focused on the domestic market for a long time. In recent years, in response to the needs of customers to set up factories overseas, the Company has actively set up factories in Vietnam and mainland China in order to pursue the goal of product internationalization and become the first brand in the Chinese circle.

| Area \ Year                 | 2024   | 2025   |
|-----------------------------|--------|--------|
| Taiwan                      | 68.21% | 73.11% |
| Mainland China              | 28.66% | 23.82% |
| Vietnam                     | 2.63%  | 3.07%  |
| Other Southeast Asia Region | 0.50%  | 0%     |
| Total                       | 100%   | 100%   |

## 2. Market share

Unit: set; %

| Year                                      | 2024   | 2025   |
|---|--------|--------|
| Central System Chiller                    |        |        |
| Kuen Ling Company                         | 2,061  | 1,857  |
| Percentage of total national sales volume | 27.26% | 25.53% |
| Total national sales volume               | 7,561  | 7,275  |

Unit: NT\$ thousand; %

| Year                                     | 2024      | 2025      |
|--|-----------|-----------|
| Central System Chiller                   |           |           |
| Sales value of Kuen Ling Company         | 1,314,570 | 1,264,536 |
| Percentage of total national sales value | 40.81%    | 39.04%    |
| Total national sales value               | 3,221,584 | 3,239,202 |

Note 1: The national total sales amount is based on the monthly report of industrial production statistics of the Department of Statistics of the Ministry of Economic Affairs.

Note 2: The Company's sales volume includes its own brands, ODM and OEM.

## 3. Future market supply, demand and growth

Refrigeration and air conditioning equipment, including various types of chiller units, hot and cold water machines, condensers, chillers, oil coolers, ice makers, industrial heat exchangers, and specialized condensers for ships, are designed to meet the demand for refrigeration and air conditioning in various applications. With robust economic growth, rapid industrial upgrading, and a significant increase in per capita income, commercial and industrial activities have become more frequent. This has led to an increased demand for a wide range of refrigeration units for industrial, commercial, and residential purposes. The industry is evolving towards high efficiency, high stability, and high technology to meet these demands.

### ©Domestic and international economic situation

Looking back at 2025, Taiwan's economic performance is impressive, with growth rates of 5.45%, 8.01%, and 7.64% in the first three quarters respectively. The growth drivers are primarily trade and investment. Estimated year-on-year increases of 28.55%, 6.90%, and 0.91% in exports, capital formation, and private consumption in the first three quarters are mainly due to the suppression of traditional industry exports by US tariffs and the involution effect in China. However, the US AI investment boom has boosted Taiwan's equipment investment and merchandise exports, making the technology industry the main driver of growth. However, the impact of US tariffs continues to unfold, and global economic momentum will further slow down. Although the rapid development of AI has driven a global investment boom, benefiting Taiwan, the contribution of private investment and net exports will be weaker than the previous year due to the high base effect. On the domestic demand

side, with the profit growth of listed companies and the government's implementation of various stimulus measures, the consumer market is expected to gradually recover. According to the latest forecast released by the Taiwan Institute of Economic Research in November 2025, the GDP growth rate in 2026 is projected to be 2.60%, a decrease of 3.34% from the updated 5.94% in 2025. While the global economy showed resilience in the first half of 2025, it has slowed moderately since the second half. The growth in the first half was mainly driven by temporary factors such as advance trade arrangements and inventory adjustments, rather than an improvement in fundamentals. As these effects subside, weaker economic data, a cooling labor market, and tariffs pushing up US prices have led international institutions to generally expect global growth in 2026 to be slower than in 2025, with a particularly noticeable slowdown in trade. Furthermore, geopolitical tensions and volatile global oil prices are putting pressure on the exports of related industries in Taiwan.

**◎Future Prospects**

The global economy will continue to face numerous challenges, among which U.S. trade policy, the development prospects of AI, and geopolitical conflicts are of critical importance. In terms of prices, although Taiwan’s CPI in 2025 was affected by fluctuations in food and housing costs, it remained generally moderate. For our industry, the stability of international oil prices and electricity costs, along with tax reductions on automobiles and motorcycles, has helped stabilize related supply chains and curb abnormal fluctuations in production costs, keeping overall operating costs within a controllable range.

Looking ahead to 2026, as global inflationary pressures ease, the annual CPI growth rate is projected to be around 1.66%. However, geopolitical risks remain the most significant source of uncertainty for the global economy. In addition to the ongoing Russia–Ukraine war, tensions in the Middle East have intensified due to rising risks of confrontation between the U.S. and Iran. If a military conflict between the U.S. and Iran cannot be resolved peacefully in the short term, it would directly disrupt energy transportation and lead to sharp volatility in the prices of industrial raw materials such as copper and iron, increasing the risk of supply chain disruptions in the global equipment manufacturing industry.

Against this backdrop, the increasing frequency of extreme weather events is also driving up electricity demand and placing greater strain on infrastructure, creating long-term structural challenges. Overall, the interaction between geopolitical and climate risks poses multiple challenges to business operations.

Sales volume forecast and the basis

|              |                                |
|--------------|--------------------------------|
|              | Unit: set                      |
| Main product | Estimated sales volume in 2026 |
| Chiller Unit | 2,963                          |

Based on the overall production capacity and estimated contract orders of this year, the Group estimated that the shipment volume in 2026 will be higher than the sales volume in 2025, mainly due to the high proportion of large energy-saving and high-efficiency units in the estimated sales category in 2026.

#### **4. Favorable and unfavorable factors of the development prospect and countermeasures**

##### **(1) Niche of the Company's competitiveness**

The Group has mature production technology and stable quality, and can accurately grasp the market information of components required for products and maintain good relationships with suppliers. In addition, we continue to add various testing equipment, strengthen quality control accuracy, and focus on process control to ensure product stability. The Group's Kaohsiung plant, Shanghai plant and Suzhou plant and Vietnam plant all have obtained ISO-9001 quality certification and can provide the energy efficiency and energy conservation marque. It reflects the Company's emphasis on quality assurance, energy conservation and environmental protection.

##### **(2) Favorable factors of the development prospect**

###### **A. Active development of high value-added and diversified products:**

Our manufacturing process is flexible, and we can develop new products at any time to meet the needs of the market. At present, we have developed and integrated super-large chiller units, fully frozen ice storage tanks, vacuum freeze dryers, condensers, chiller heat pumps, centrifugal chiller units, condenser automatic washing machines, chiller equipment preservation services, air conditioning boxes, ventilation fan terminal, etc. to make the Company's product series more complete.

###### **B. Quality internationalization:**

Due to the improvement of the living standard of the country in recent years, consumers have new consumption consciousness with the change of the social pattern, and higher requirements for power saving, quietness, dehumidification, etc. The Company, in line with the quality internationalization strategy, follows the ISO quality control strategy, keeps abreast of the market situation at any time, guarantees 100% of the quality of the ex-factory products, and pays attention to pre-sale planning and after-sales service, so as to make the development and positioning of the products forward-looking.

###### **C. Reduction of production costs and improvement of competitiveness:**

We take high quality as the priority for our products, so the product stability is better than that of other brands, and the product life is longer. In addition, we also take specialization and standardization as the production goal, and improve the degree of automation to reduce production costs and enhance competitiveness.

(3) Unfavorable factors of the development prospect and countermeasures

A. The cost of imported raw materials is subject to fluctuation due to the change in exchange rates.

Imported compressors, which are the main raw materials, account for about 10% of the operating costs, and are subject to fluctuation due to the change in exchange rates.

Countermeasures:

- a. Pay attention to the change of exchange rates and interest rates at any time and take necessary hedging measures.
- b. Increase the purchase proportion of domestic raw materials.
- c. The Company has maintained a good long-term relationship with all major suppliers, and the supply of all raw materials is normal. The Company also actively develops other sources of raw material supply to diversify procurement risks.

B. High R&D costs:

In order to improve the technical level, it is necessary to invest a large amount of research and development expenses, resulting in an increase in operating costs.

Countermeasures:

- a. Strengthen long-term technical cooperation with major domestic and foreign professional manufacturers to reduce R&D costs.
- b. Cooperate with professional institutions and universities in development to shorten the development time and make new products enter the market quickly to create profits.
- c. The Company also attaches great importance to the training of R&D and engineering personnel to ensure the technology of the R&D team and enable the Company to operate sustainably.

C. Increasing labor costs:

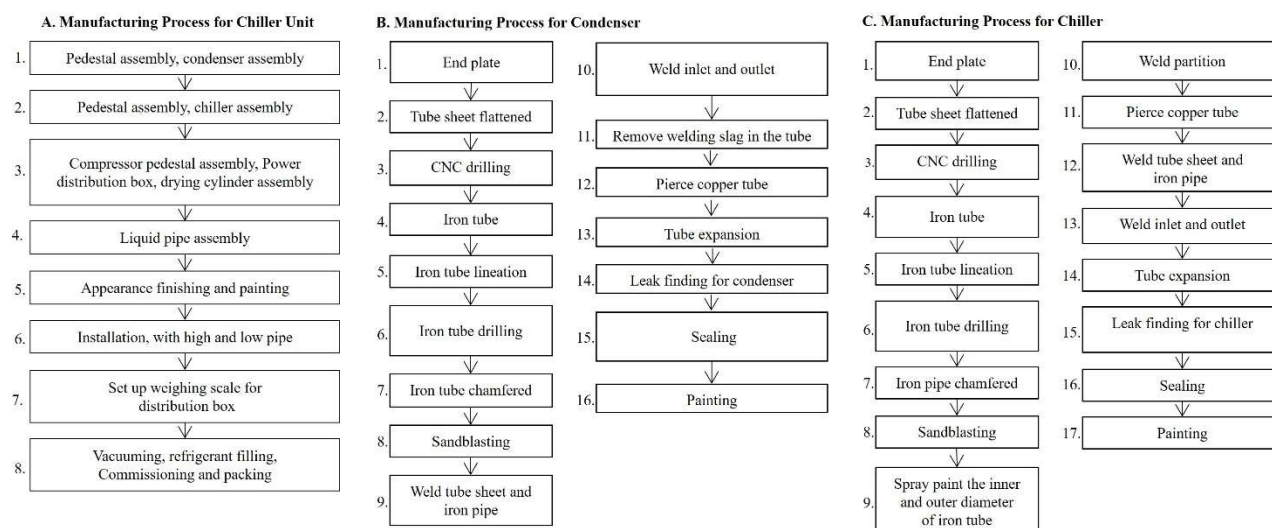
As the living standard of Taiwanese people continues to improve, the labor cost is correspondingly rising.

Countermeasures: Develop the production mode towards automation as much as possible, and improve the production process to reduce the production hours and production costs.

**(II) Important Applications and Production Processes of Main Products****1. Important applications of main products**

| No. | Product name   | Applications  |
|-----|--|---|
| 1   | Spiral type chiller unit                                 | It is the exclusive advanced and efficient refrigeration function of refrigeration and air conditioning machinery.                          |
| 2   | Centrifugal chiller unit                                 | It is the exclusive advanced and efficient refrigeration function of large refrigeration and air conditioning machinery.                    |
| 3   | Full-liquid chiller unit                                 | It is the exclusive advanced and efficient refrigeration function of refrigeration and air conditioning machinery.                          |
| 4   | Open-style chiller unit                                  | It is the exclusive advanced and efficient refrigeration function of refrigeration and air conditioning machinery.                          |
| 5   | Semi-hermetic chiller unit                               | It is the function of more economical refrigeration and air conditioning.   |
| 6   | Air-cooled chiller unit                                  | It uses air cooling as the refrigeration function of refrigeration and air conditioning for places with insufficient water supply.          |
| 7   | Semi-hermetic condensing unit                            | It is specially used for refrigeration equipment.   |
| 8   | Condenser.   | It is the exclusive cooling function of refrigeration and air conditioning machinery.   |
| 9   | Chiller  | It is the exclusive refrigeration function in refrigeration and air conditioning machinery.   |
| 10  | Pump cooler  | It is the exclusive oil pressure cooling function in refrigeration and air conditioning machinery.  |
| 11  | Ice making equipment                                     | It is specially used for keeping fresh vegetables of fishing boats and farmers and fishermen of ice factories.                              |
| 12  | Cold and heat exchanger for industrial chemical industry | It is a special cold and heat exchange function used in the industrial chemical industry.   |
| 13  | Freezing ice storage tank                                | It is exclusively applicable to all types of ice storage engines, such as spiral, centrifugal, reciprocating or scroll ice storage engines. |
| 14  | Vacuum drying and freezing machine                       | It is exclusively applicable to food and health food processing and biochemical technology.   |

## 2. Production process of main products



### (III) Supply of Major Raw Materials

The Group mainly produces chiller units and refrigeration units. The chillers and condensers required for the products are manufactured by each respective company, or manufactured and supplied by Kuen Ling Suzhou, while the compressors, refrigeration materials, sheet metal outer boxes, end plates, iron pipes and copper pipes are purchased from domestic and foreign manufacturers. Since the main suppliers are well-known manufacturers, the quality level is quite high, and the procurement sources are scattered. We maintain a good cooperation relationship with all suppliers, so there is no shortage of supply sources.

| Main Raw Materials    | Main Suppliers   | Main Sources         | Supply Status   |
|-----------------------|--|----------------------|---|
| Compressor            | Fusheng, Copeland, Bitzer, Hanbell, Danfoss              | Domestic and foreign | Procurement based on seasons and additional purchases based on order status |
| Copper tube           | Longda, MEGATREND, Kung Chen, Chung Cheng, Hsin Tai Tong | Domestic and foreign | Procurement based on seasons and additional purchases based on order status |
| Chiller and condenser | Self-made, Kuen Lin Suzhou                               | Foreign              | Purchase quarterly  |
| Cooling coil          | Karo's, Chung Chen, Mega Tank, Invax System              | Domestic and foreign | Purchase to order   |
| Sheet metal outer box | Feng-Hou, Feng Yuh                                       | Domestic             | Purchase to order   |

**(IV) List of Major Purchasing Customers in the Last Two Years**

## 1. Major suppliers of more than 10% in the last two years

Unit: NT\$ thousand

| Item                | 2024          |           |  |                              | 2025         |           |  |                              |
|---------------------|---------------|-----------|--|------------------------------|--------------|-----------|--|------------------------------|
|                     | Name          | Amount    | Percentage of the net purchase of the year (%) | Relationship with the issuer | Name         | Amount    | Percentage of the net purchase of the year (%) | Relationship with the issuer |
| 1                   | Danfoss       | 213,392   | 12%  | None                         | Danfoss      | 203,841   | 13%  | None                         |
| 2                   | Chung Chen    | 150,636   | 8%   | None                         | Chung Chen   | 154,538   | 10%  | None                         |
| 3                   | Hsin Tai Tong | 128,389   | 7%   | None                         | Fusheng      | 125,999   | 8%   | None                         |
| 4                   | Fusheng       | 123,986   | 7%   | None                         | Hanbell      | 85,666    | 5%   | None                         |
| 5                   | Others        | 1,218,616 | 66%  | None                         | Others       | 993,467   | 64%  | None                         |
| Net purchase (Note) |               | 1,835,019 | 100%   | —                            | Net purchase | 1,563,511 | 100%   | -                            |

Note: Decrease in 2025 compared with 2024; mainly due to the decrease in demand for terminal product revenue, resulting in a reduce in procurement costs.

## 2. Major customers of more than 10% in the last two years: None

### III. Information of Employees in the Last Two Years

| Year                     |                                | 2024   | 2025   | As of March 31, 2026 |
|--------------------------|--------------------------------|--------|--------|----------------------|
| Employee count           | Clerk                          | 310    | 308    | 301                  |
|                          | Operator                       | 274    | 266    | 272                  |
|                          | Total                          | 584    | 574    | 573                  |
| Average age              |                                | 40.7   | 41.7   | 41.8                 |
| Average years of service |                                | 11.8   | 13.2   | 13.2                 |
| Academic background (%)  | Doctoral Degree                | 0.14%  | 0.21%  | 0.14%                |
|                          | Master's degree                | 1.37%  | 1.80%  | 1.74%                |
|                          | University/professional school | 40.22% | 29.33% | 39.56%               |
|                          | Senior high school             | 41.08% | 37.30% | 40.32%               |
|                          | Below senior high school       | 17.19% | 18.46% | 18.54%               |

### IV. Contribution to Environmental Protection

(1) The total amount of losses and penalties incurred by the company due to environmental pollution in the most recent year and up to the date of publication of the annual report:

In the most recent year and up to the date of publication of the annual report, the Group has not suffered any losses or been subject to any penalties due to environmental pollution.

(2) Future response measures and possible expenditures

In the future, the Group will continue to follow the requirements of ISO 14001, conduct environmental impact assessments and improvements, and implement environmental management measures within itself. Since the products are mainly assembly types and do not directly generate pollution or waste, future expenditures will focus on improving the environmental management system to support sustainable resource use and waste reduction.

(3) Integration of environmental protection work and ISO 14001

The Group's main factories and production equipment are located in Zihguan District, Kaohsiung City, Wujiang Economic and Technological Development Zone, Jiangsu, China, and Xinde Industrial Park, Dehe County, Tay Ninh Province, Vietnam. The Group systematically manages environmental protection work in accordance with the ISO 14001 environmental management system. Environmental impact assessments are conducted regularly every year and improvements are made in accordance with standard requirements. When environmental issues are identified, we initiate corrective actions in accordance with ISO 14001 to ensure compliance with environmental regulations and to continuously improve environmental performance.

Through this system, the Group not only focuses on reducing waste and pollutant emissions, but also actively promotes the recycling and reuse of environmental resources, integrates environmental responsibility into the company culture, and enhances the environmental awareness of employees and partners.

## V. Labor Relations

(I) The Company's employee welfare measures, further education, training, retirement system and their implementation, as well as the agreement between labor and management and various employee right and interest protection measures:

1. We firmly believe that talents are the cornerstone of the Company's sustainable operation.

The goal of labor relations is to strengthen the development of talents, build Kuen Ling into a happy enterprise, achieve the sustainable operation of the enterprise, and become the friendliest workplace. We highly value the self-development and accomplishments of our employees in their work, and have therefore built an open career development environment and welfare measures that take into account life and family, so that employees can work and grow with the Company.

(1) Career development and self-achievement

In order to cultivate excellent talents with enthusiasm and innovative ideas, and to help talents achieve achievements in the Company's development stage, in addition to the complete hands-on training and regulatory care for new employees, the Company ensures the opening of career development channels; the relevant programs are as follows:

New employee training:

According to the requirements of occupational safety/environmental safety, priority should be given to the training related to work safety and administration for 3.5 hours to strengthen the attention of the new employee to work safety and the understanding of the Company's basic management rules. Then, the head of each department will lead the new employee to each working environment to carry out environmental awareness and equipment operation training, as well as OJT and apprenticeship-system professional skill training.

Professional training of each department:

Each department shall propose annual training plans according to the professional skills needs of its staff every year, and participate in relevant government subsidized plans, such as the enterprise human resources improvement plan/charging take-off plan, so as to strengthen and improve the training quality and environmental needs of each employee, and enhance the professional skills of employees.

On-the-job employees' further education:

To encourage personal growth and upward development for each employee, our company has implemented relevant management guidelines such as the "On-the-Job Employee Training Policy." As part of this policy, we provide full tuition reimbursement for every

employee, allowing them to pursue further education while continuing to work. This initiative empowers employees to fully dedicate themselves to self-enrichment and training, enhancing their professional skills and fostering better career development opportunities for themselves.

Talent training:

- A. Priority of internal talent recruitment of each department: To ensure holistic talent development, if a specific department requires additional expertise, we prioritize talent assessment from within the department or other departments. After evaluating the skills and capabilities of employees, we facilitate talent rotation and on-the-job training (OJT) to enhance their effectiveness. This approach aims to activate and strengthen the company's professional competitiveness by leveraging the diverse skills and knowledge of our talented workforce
- B. External talent recruitment (youth employment pilot plan, industry-academia cooperation, and vocational school scholarships for outstanding academic performance): In addition to recruiting outstanding talents on 104 Job Bank, also cultivate the skills of young students, have conducted industry-academe cooperation with major colleges/universities and vocational colleges for many years and actively participated in relevant government programs, so that young students can have better self-growth and satisfaction while training and working.

(2) Employee rights and interests protection

- A. Job security and gender equality guarantee: According to the Personal Data Protection Act, the Company ensures the personal security of job seekers, and does not use it for purposes other than recruitment or selection purposes without the consent of job seekers. In terms of employment targets, the Company fully complies with the provisions of the Labor Standards Act and does not employ people under the age of 15 for any labor work; in addition, in order to balance the gender structure and ensure the employment of women in posts, the proportion of women in the Company has increased from 12% to 20% in the past three years.
- B. Competitive salary policy: The Company actively grasps the salary level of the industry market, and regularly reviews its salary policy to facilitate the recruitment and retention of high-quality talents. In addition, in consideration of the hard work of employees, work allowances are given according to the particularity of different workstations; in order to encourage the employees, we set up bonus categories such as the certification bonus, business bonus and proposal bonus to encourage the employees to work hard; in order to retain outstanding talents, we also plan the relevant supporting reward system to retain talents, and provide employees with salary and welfare conditions to free them from worries about their families.

## 2. Employee benefit policies

The labor relations of the Company have always been very harmonious. Since the Company's start of the business, due to the open-minded style of the operator and the full recognition of the labor, the cooperation between the two parties has been extremely pleasant.

### (1) Employee Welfare Committee:

- A. The Company has established the Employee Welfare Committee, which is jointly organized and established by the labor and management representatives, with 10 labor representatives and 1 management representative.
- B. The Committee has a chairman, who is responsible for the overall affairs of the meeting, and a vice-chairman who is elected by the members among themselves. The term of office of the members is 2 years, and they are all unpaid. The number of members who are re-elected shall not exceed 2/3, but the term of office of those members who are business executives is not limited. In addition, the resignation of the chairman, vice-chairman or member shall be submitted to the Committee. Those who fail to attend the meeting of the Committee for three consecutive times without any reason shall be deemed to have resigned. The Members of the Committee whose term of office is less than 1 year may not be recalled.
- C. The members of the Committee are all volunteers. The meeting of the Committee is held once every 3 months, and an extraordinary meeting may be held when necessary. The Committee meeting shall be convened by the chairman. An extraordinary meeting may be convened by the chairman within 7 days upon the request of 1/3 of all members. If the chairman fails to convene a general or extraordinary meeting without justified reasons, it may be reported to the competent authority with the signature of 1/3 of all the members to designate one member to convene the meeting.
- D. Source of employee welfare fund: 0.15% of the total monthly operating income, 40% of the sale and allocation of waste materials, and 0.5% of the employee salaries (monthly income).
- E. The Welfare Committee organizes regular recreational and cultural activities with the aim of promoting employee well-being, and facilitating interpersonal relationships.

### (2) Employee welfare policies

- A. All employees of the Company shall participate in the insurance scheme, which shall be implemented in accordance with the Labor Insurance Act.
- B. The Company also plans group comprehensive insurance for employees, including life insurance, accident insurance, medical insurance, occupational disaster insurance, etc., to increase the overall protection of employees.
- C. When an employee dies due to occupational accidents or occupational diseases, our company not only provides funeral expenses equivalent to five months' average salary but also offers death compensation to the surviving family members. The death

compensation consists of a one-time payment equal to 40 months' average salary of the deceased employee.

- D. For non-work-related deaths of employees (excluding those on leave without pay), in addition to the benefits provided under labor insurance as required by law, the company may also offer a bereavement allowance based on the length of service.
    - 2-1. Those who have served for less than three years will be given a one-time bereavement allowance equivalent to one month's salary.
    - 2-2. Those who have served for three years or more will be given a one-time bereavement allowance equivalent to three month's salary.
    - 2-3. The "bereavement allowance" above shall be paid from the month of death (inclusive) according to the "Labor Insurance Salary Tier Table", in the amount of the 6-month average monthly salary for insurance.
    - 2-4. The bereavement allowance provisions above can be offset by group insurance and other insurance provided for the Company.
    - 2-5. The bereavement allowance shall not be issued to "exclusions" such as suicides, criminal acts, illegal smoking or use of narcotic drugs.
  - E. Employees have the right to enjoy the Company's cultural and entertainment activities, tours, lectures, further education, dinners and other benefits.
  - F. The company will grant employee compensation and year-end bonuses based on its operating performance for the year. The amount awarded will be adjusted annually according to each employee's individual performance.
  - G. Full subsidy of the cost of regular physical examination every two years.
  - H. Education scholarships and pre-school subsidies for employees and their children.
  - I. Transportation subsidies.
  - J. Employee Stock Ownership Trust
- (3) Employees' further education and training
- A. Training courses for each new employee to introduce the Company's relevant administrative rules and the advocacy of work environment safety.
  - B. Regular and irregular arrangement of courses related to professional skills to improve the ability of refrigeration and air conditioning and improve product quality assurance.
  - C. Irregular job rotation to develop employees' diversified skills.
  - D. Talent training: Each department head selects suitable candidates for relevant training every year.
  - E. Certificate acquisition: Providing relevant training and environment to encourage employees to obtain certificates and licenses related to refrigeration and air conditioning.
  - F. Providing relevant study subsidies in accordance with the "Guidelines for the Handling of In-service Employee Training" to encourage employees to go to the relevant departments of national universities and colleges.

Employee Training Program is divided into two categories based on the nature: New Employee Training and On-the-Job Training for Existing Employees, as follows:

| Item  | Number of sessions | Total number of participants | Total hours | Total costs |
|---|--------------------|------------------------------|-------------|-------------|
| 1. New Employee Training                          | 10                 | 25                           | 75          | 1,250       |
| 2. On-the-Job Training (internal training)        | 79                 | 958                          | 1,884       | 47,900      |
| 3. On-the-job Training (external training) (Note) | 53                 | 281                          | 2,724       | 539,250     |

Note: Employee Continuing Education Subsidy: The Company provides incentives for on-the-job employees to pursue further education at domestic and foreign research institutes and national polytechnic universities. This initiative aims to foster the long-term development of high-level talents and enhance the technical proficiency of the Company.

3. Retirement system and implementation status:

3.1 Since July 1, 2005, the Company and its domestic subsidiaries have formulated a defined-allocation retirement plan in accordance with the “Labor Pension Act” which is applicable to employees of ROC nationality. The Company and its domestic subsidiaries shall pay 6% of the employee’s salary to the individual account of the Bureau of Labor Insurance for the employees who select the labor pension system of the Labor Pension Act. The payment of the employee pension shall be paid by month or in one go in accordance with the balance of the employee’s individual pension account and the accumulated income.

(1) Applicable to: All formal employees.

A. Voluntary retirement

- a. Those who have served for 15 years and are over 55 years old.
- b. Those who have served for 25 years.
- c. Those who have served for 10 years and are over 60 years old.

B. Compulsory retirement by the Company:

- a. Those who are over 65 years old.
- b. Those who are unable to work due to mental deterioration or physical disability.
- c. Those who are 65 years old or above, retirement may be postponed by agreement between the employer and the employee. For those who are engaged in special jobs such as dangerous jobs or those requiring strong physical strength, the business unit may report to the authority for adjustment, but the retirement age shall not be less than 55 years old.

- (2) The base of (old system) employees' pension shall be the 6-month average salary before retirement as stipulated by the government; the calculation criteria are as follows:
  - A. Those who have served for less than 15 (inclusive) years will be given two base numbers for each full year.
  - B. Those who have served for more than 15 (exclusive) years, an additional base amount will be provided for each completed year of service beyond the fifteenth year.
  - C. If it is less than half a year, it shall be calculated as half a year; if it is more than half a year but less than one year, it shall be calculated as one year.
  - D. The upper limit is 45 base numbers.
- (3) Pension payment method:
  - A. The pension shall be paid within 30 days from the date of retirement.
  - B. The Labor Retirement Reserve Supervision Committee of the Company issues a document to notify the Labor Bureau and the Labor Fund Payment Section of the Trust Department of the Bank of Taiwan to handle it.
- (4) Pension allocation method:
  - A. According to Article 56 of the Labor Standards Act, the labor retirement reserve shall be allocated monthly within the range of 2% to 15% of the total monthly salary of the worker, and deposited in a special account. (old system)
  - B. According to Article 14 of the Labor Pension Act, 6% of the total salary shall be allocated as the labor pension on a monthly basis. (new system)
- 3.2 The pension of subsidiaries in overseas regions is a defined allocation system. According to the regulations of the local government, the pension, medical and other social security funds are paid every month.
4. Agreements between labor and management and various measures to safeguard the rights and interests of employees:

All regulations and measures concerning labor relations have been implemented in accordance with relevant laws and regulations; the new or modified measures of working conditions can all be implemented after communication and coordination between the labor and management, and the rights and interests of employees can be protected.
5. Code of employee behavior or ethics:
  - 5.1 In order to maintain the employment order in the workplace, and clearly regulate the rights and obligations of both labor and the management, the Company has formulated the "Work Rules" in accordance with the law and publicly disclosed it after the approval of the competent authority, and complies with the internationally recognized norms of labor human rights, so as for the Company to follow in the management of employees. In the Work Rules, the position, title, appointment, service, leave, salary, rewards and

punishment, assessment, promotion, welfare, severance, occupational disaster compensation and retirement are clear defined.

5.2 The Company expects every employee to strive to their fullest potential to achieve the highest business goals of the Company and enhance their personal moral sensibilities. To ensure this, the Company has established a "Code of Conduct" that outlines the following key points:

- (1) Employees are strictly prohibited from accepting gifts or favors from vendors, their agents, employees, or any individuals involved in business transactions with the company without prior approval from their supervisor.
- (2) The Company's internal information (that is, information related to the Company's interests or business), regardless of technology, finance, business, or similar information, is the Company's industrial and commercial secrets; employees have the obligation to keep such industrial and commercial secrets, and shall not disclose them to external parties. In addition, after leaving the Company, employees should still keep such secrets for the Company in good faith, and should not disclose or use the Company's industrial and commercial secrets to engage in illegal or improper competition.

(II) A statement of the losses incurred due to labor-capital disputes in the most recent year and up to the date of publication of the annual report, and disclosure of the estimated amounts and corresponding measures that may occur currently and in the future. If a reasonable estimate is not possible, the fact that such an estimate is not possible shall be explained:

In 2025, The Company doesn't have any labor disputes.

## **VI. Information Security Management:**

(I) Describe the information security risk management structure, information security policy, specific management scheme and resources invested in information security management.

### 1. Information security risk management structure

The responsibility for information security within the company lies with the Information Technology (IT) Department. Staffing: 2 persons assigned, 1 Information Officer, 1 IT Personnel; this department is headed by one Information Manager who is responsible for establishing internal information security policies, planning information security operations, and promoting and implementing information security policies

### 2. Information security policy and specific management plan:

2.1. The Company's information security management mechanism includes the following three aspects:

- (1) System specification: Formulate the Company's information security management system to standardize the operation behavior of employees.
- (2) Technology application: Install information security management equipment to implement information security management measures.

- (3) Personnel training: Carry out information security training to improve the information security awareness of internal staff.

2.2 The management measures are described as follows:

- (1) System specification: The Company has a requirement for the use of computers for employees which contains the information user safety behavior, and regularly checks whether the relevant regulations comply with the changes of the operating environment every year, and timely adjust them according to the needs.
- (2) Technology application: In order to prevent various external information security threats, in addition to adopting a multi-layer network architecture design, the Company also built various information security protection systems to improve the security of the overall information environment.

3. Information security risk assessment:

In order to improve the information security awareness of employees, the Company carries out information security advocacy irregularly, controls the access behavior of information equipment via authority control, maintains the security of physical information equipment, strictly controls the access to the information equipment room, ensures the security of information equipment data, backs up data every day and synchronously stores it in remote equipment, and purchases information security equipment and orders information security services to ensure the security of external communication behavior. The Company also established a contingency plan for information security, and classifies information security incidents into levels 1 to 4. According to different levels, information security incidents are reported to the supervisor and relevant personnel for damage control, so that users can know how to make a preliminary judgment and treatment. In addition, the Company has hired an external professional information security incident identification team to assist in the investigation and mends the deficiencies and insufficiencies according to the incident investigation report, and effectively communicates with customers or the public to avoid damage to the corporate image; the professional information lawyer is also consulted about litigation issues to formulate the litigation strategy. Only by building an information security protection framework with the three mechanisms of prevention, detection and response, can the Company continue to operate steadily in a threatening environment.

4. Information Security Enhancement Plan:

The Company aims to extend its cybersecurity defense from the network perimeter to endpoint devices. An Endpoint Detection and Response (EDR) system is critical for safeguarding enterprise network security, particularly in the face of increasingly sophisticated and diverse cyber threats. The Company plans to implement an EDR system in April 2026. Its core functions are as follows:

| Core Functions        | Description   |
|-----------------------|---|
| Continuous Monitoring | Monitors endpoint activities around the clock and records activity logs to enable real-time detection of anomalies.               |
| Threat Detection      | Utilizes AI and machine learning technologies to proactively identify potential malware and unknown threats.                      |
| Automated Response    | Automatically executes actions, such as isolating infected devices, upon detecting threats to prevent further spread.             |
| Incident Analysis     | Provides in-depth incident tracking reports to assist security teams in taking precise actions and strengthening vulnerabilities. |

- (II) Losses arising from major information security incidents in the last year up to the publication date of the annual report, possible impact and countermeasures; state the reasons if the losses cannot be reasonably estimated. None.

**VII. Important Contracts:**

The valid and recently expired supply contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other significant contracts that may impact shareholders' equity, as of April 30th, 2026 are listed below.

| Nature of Contract                       | Counterparty                                      | Contract Period |              | Main Content   | Limitation clauses |
|--|---|-----------------|--------------|--|--------------------|
| Long-term technical cooperation contract | Company A001                                      | 2026.01.01      | ~ 2026.12.31 | Entrustment of the manufacture of chiller units, and provision of product quality assurance, after-sales service, trademark, patent design use, etc. | None               |
|  | Company A009                                      | 2026.01.01      | ~ 2026.12.31 |  |                    |
|  | Company A010                                      | 2026.01.01      | ~ 2026.12.31 |  |                    |
| Raw material purchase contract           | Fu Sheng Industrial Co., Ltd.                     | 2026.01.01      | ~ 2026.12.31 | Compressor   | None               |
|  | Chung Chen Metal Industry Co., Ltd.               | 2026.01.01      | ~ 2026.12.31 | Copper tube  | None               |
|  | Feng-Hou Corporation                              | 2026.01.01      | ~ 2026.12.31 | Sheet metal  | None               |
|  | Karo's Refrigeration & Air Conditioning Co., Ltd. | 2026.01.01      | ~ 2026.12.31 | Coil unit  | None               |
|  | Hanbell Precise Machinery Co., Ltd.               | 2026.01.01      | ~ 2026.12.31 | Compressor   | None               |
|  | Wah Lee Industrial Corp                           | 2026.01.01      | ~ 2026.12.31 | Refrigerant  | None               |
| Long-term lease cooperation contract     | Cheng Da III Hi-Tech Co., Ltd.                    | 2024.08.01      | ~ 2034.08.01 | Plant rental   | None               |
| Long-term lease cooperation contract     | Cheng Da IV Hi-Tech Co., Ltd.                     | 2023.07.01      | ~ 2037.06.30 | Plant rental   | None               |
| Long-term lease cooperation contract     | Shanghai Shunyige Industrial Co., Ltd.            | 2023.03.01      | ~ 2032.01.14 | Lease of office  | None               |

## Five. Financial Status and Financial Performance Review and Analysis and Risk Management

### I. Financial status: The main reasons and impact of major changes in assets, liabilities and shareholders' equity in the last two years

Unit: NT\$ thousand; %

| Item \ Year  | 2024      | 2025      | Difference |      | Main reasons |
|--|-----------|-----------|------------|------|--------------|
|  |           |           | Amount     | %    |              |
| Current assets   | 2,687,723 | 2,613,579 | (74,144)   | (3)  |              |
| Financial assets at fair value through other comprehensive income or loss - non-current  | 9,759     | 9,759     | -          | -    |              |
| Property, plant and equipment  | 658,835   | 628,153   | (30,682)   | (5)  |              |
| Intangible assets  | 4,680     | 5,499     | 819        | 18   |              |
| Other assets   | 118,624   | 121,609   | 2,985      | 3    |              |
| Total assets   | 3,479,621 | 3,378,599 | (101,022)  | (3)  |              |
| Current liabilities  | 1,409,967 | 1,278,645 | (131,322)  | (9)  |              |
| Long-term liabilities  |           | 70,000    | 70,000     | 100  | 1            |
| Other liabilities  | 157,256   | 137,503   | (19,753)   | (13) |              |
| Total liabilities  | 1,567,223 | 1,486,148 | (81,075)   | (5)  |              |
| Share capital  | 761,524   | 761,524   | -          | -    |              |
| Capital reserve  | 128,616   | 128,616   | -          | -    |              |
| Retained earnings  | 972,488   | 986,754   | 14,266     | 1    |              |
| Other interests and non-controlling interests  | 49,770    | 15,557    | (34,213)   | (69) | 2            |
| Total shareholders' equity   | 1,912,398 | 1,892,451 | (19,947)   | (1)  |              |
| Major change items (those with a change of more than 20% between the previous and the current period and the change amount reaches NT\$10 million)                 |           |           |            |      |              |
| Main reasons and their impact, and future response plans:  |           |           |            |      |              |
| (I) Main reasons for the change  |           |           |            |      |              |
| 1. Increase in long-term liabilities: Mainly due to increased long-term borrowings in response to increased operating activities.                                  |           |           |            |      |              |
| 2. Decrease in other Equity and Non-Controlling Interests: Mainly due to exchange gains losses from the translation of financial statements of foreign operations. |           |           |            |      |              |
| (II) Impact and future response plans:   |           |           |            |      |              |
| The Company continues to grow steadily in operating performance and profit, and properly plans the control of working capital.                                     |           |           |            |      |              |

**II. Financial performance: The main reasons for major changes in operating revenue, operating profit and pre-tax net profit in the most recent two years, the expected sales volume and its basis, the possible impact on the Company's future financial operations and the response plan.**

**(I) Comparative analysis of financial performance in the last two years:**

Unit: NT\$ thousand; %

| Item   | Year               |                    | Amount of increase (decrease); % | Change ratio %  |
|--|--------------------|--------------------|----------------------------------|-----------------|
|  | 2024               | 2025               |                                  |                 |
| Operating revenue  | \$3,649,379        | \$3,067,339        | (582,040)                        | (16)            |
| Operating costs  | <u>(2,741,530)</u> | <u>(2,259,706)</u> | <u>(481,824)</u>                 | <u>(18)</u>     |
| Gross profit   | 907,849            | 807,633            | (100,216)                        | (11)            |
| Operating expenses   | <u>(545,849)</u>   | <u>(524,965)</u>   | <u>(20,884)</u>                  | <u>(4)</u>      |
| Operating profit   | 362,000            | 282,668            | (79,332)                         | (22) (1)        |
| Non-operating income and expenses  | <u>45,839</u>      | <u>39,247</u>      | <u>(6,592)</u>                   | <u>(14)</u>     |
| Net profit before tax from continuing operations   | 407,839            | 321,915            | (85,924)                         | (21) (2)        |
| Income tax   | <u>(89,496)</u>    | <u>(73,466)</u>    | <u>(16,030)</u>                  | <u>(18)</u>     |
| Net profit after tax from continuing operations  | <u>318,343</u>     | <u>248,449</u>     | <u>(69,894)</u>                  | <u>(22)</u> (2) |
| <p>1. Description and analysis of change of increase/decrease ratio: (the change ratio exceeds 20%)</p> <p>(1) Decrease in operating profit: the decline was mainly due to fluctuations in market demand, which led to reduced operating revenue and, consequently, a simultaneous decrease in gross profit.</p> <p>(2) Decrease in pre-tax net profit and after-tax net profit of continuing operations: It was mainly affected by a decline in revenue scale and gross profit, along with the impact of cost-saving measures in operating expenses, resulting in a decrease in profitability compared with the previous year.</p> <p>2. Reasons for changes in major business scopes: there were no significant changes in the scope of the Group's major business activities.</p> <p>3. Sales volume forecast in the coming year and the basis:<br/>The Taiwan headquarters will continue to play a key role in coordinating operations between mainland China and Vietnam, not only by providing ongoing technical support but also by serving as a strong backing for factories in various regions. Based on the Group's business strategy, taking into account market forecasts, industry development trends, and the business conditions of customers, and under reasonable assumptions, it is expected that the sales volume for the coming year will remain consistent with the current period.</p> <p>4. Possible financial impact to the Company and response plan:<br/>As the Group's business scale continues to grow, it aims to expand into new product markets and diversify operational risks, while also focusing on adjusting its financial structure. It is anticipated that the Group will continue to grow steadily in the future. Given the current financial structure, it is sufficient to meet the needs of future business expansion, and thus, there will be no significant impact on the Company's finances or capital.</p> |                    |                    |                                  |                 |

### III. Analysis of the changes in cash flow in the most recent year, improvement plan for insufficient liquidity, and analysis of cash flow in the next year.

#### (I) Analysis of the cash flow in the most recent year and improvement plan for insufficient liquidity

| Item  | Year |      | Increase<br>(decrease)<br>ratio |
|---|------|------|---------------------------------|
|   | 2024 | 2025 |                                 |
| Cash flow ratio   | 41%  | 34%  | -17%                            |
| Cash flow adequacy ratio  | 109% | 106% | -3%                             |
| Cash reinvestment ratio   | 15%  | 7%   | -53%                            |
| Description and analysis of change of increase/decrease ratio: (the change ratio exceeds 20%)   |      |      |                                 |
| 1. Cash Reinvestment Ratio: It was mainly due to the contraction in revenue scale during the year, which reduced cash inflows from operating activities. In addition, the cash requirement for distributing cash dividends (NT\$3.4 per share) further lowered the proportion of cash available for reinvestment compared with the previous year. |      |      |                                 |

#### (II) Analysis of cash flow in the next year:

| Cash balance at the beginning of the period<br>(1) | Net cash flow from business activities for the year<br>(2) | Cash inflow (outflow) for the full year<br>(3) | Estimated cash surplus (shortfall)<br>(1)+(2)+(3) | Financing of cash deficits |                        |
|--|--|--|---|----------------------------|------------------------|
|  |  |  |   | Investment plan            | Wealth management plan |
| 935,069  | 301,243  | (487,372)                                      | 748,940   | -                          | -                      |

##### 1. Analysis of expected cash flow change in the coming year:

- (1) Operating activities: Revenue is expected to increase compared with the previous year, supporting a continued net cash inflow from operating activities. The inflow is also projected to grow in line with the expansion of the Company's operating scale.
- (2) Investment activities: Capital expenditures are planned over the coming year for equipment replacement and capacity optimization. As a result, cash outflows from investing activities are expected to increase.
- (3) Financing activities: Although the beginning cash balance remains sufficient, in response to upcoming needs such as cash dividend distribution, capital reduction, and working capital allocation, the Company plans to utilize bank financing flexibly to optimize its capital structure and maintain sound liquidity.

##### 2. Remedial measures and liquidity analysis of estimated cash insufficiency: Not applicable.

#### IV. Material capital expenditures in the most recent year and impact on the financial status and business performance:

##### (I) Application of major capital expenditure and capital source:

Unit: NT\$ thousand

| Item  | Actual or expected capital source   | Actual or expected completion date | Total funds needed | Actual or expected capital application |      |      |
|---|-------------------------------------|------------------------------------|--------------------|--|------|------|
|   |                                     |                                    |                    | 2026                                   | 2027 | 2028 |
| Plant renovation and purchase of production equipment | Working capital and bank borrowings | 2026                               | 80,000             | 80,000                                 | 0    | 0    |
| Total   |                                     |                                    | 80,000             | 80,000                                 | 0    | 0    |

##### (II) Expected benefits:

1. Enhanced Production Efficiency: Demolishing and rebuilding factories and acquiring new equipment will improve workspace, processes, and production techniques, leading to increased production efficiency.
2. Improved Product Quality: Technological upgrades and cost-effectiveness may result in higher-quality products, enhancing competitiveness, increasing customer satisfaction, and aiding in expanding market share.
3. Cost Savings: The application of new equipment may reduce waste of energy and raw materials, thereby lowering production costs; simultaneously, improved work efficiency can also save on labor costs.
4. Technological Leadership: Technological upgrades will elevate the Company's production technology level, positioning it as a technological leader in the industry. This is expected to enhance competitiveness and facilitate the development of more innovative products and services.
5. Sustainable Development: Through measures such as energy conservation, emissions reduction, and efficient resource utilization, the Company will achieve sustainable development, contributing to the environment while enhancing corporate image and social responsibility.

##### (III) Impact of material capital expenditures on the financial status and business performance: None.

**V. Reinvestment policy for the most recent year, the main reasons for profit or loss, the improvement plan and the investment plan for the coming year:**

Unit: NT\$ thousand

| Item                            | Explanation | Initial investment amount (Note 1) | Policy  | Main causes of profit or loss   | Improvement plan  | Other future investment plans |
|---------------------------------|-------------|------------------------------------|---|---|---|-------------------------------|
| Cozy Air-Conditioning Co., Ltd. |             | TW\$ 30,000                        | The 100% domestic investment policy aims at the market demand and development trend as well as the development space in the international market.   | The company was established on November 15, 2004 and began to sell equipment in 2019; the profit after tax in 2025 was NT\$191,221 thousand.  | None  | None                          |
| Ching Chi International Limited |             | TW\$ 201,467                       | Based on the demand of expanding the market and capacity division in mainland China, the holding company established by the Company has successively invested in Kuen Ling Machinery Refrigerating (Shanghai) Co., Ltd. since 2000 and Kuen Ling Machinery Refrigerating (Suzhou) Co., Ltd. since 2006. | Due to the recent economic slowdown in China and the impact of the U.S.-China trade war, Kuen Ling Machinery Refrigerating (Shanghai) Co., Ltd., Company recognized a net loss of NT\$28,423 thousand for the year 2025; net loss of NT\$14,203 thousand in 2025 for Kuen Ling Machinery Refrigerating (Suzhou) Co., Ltd. | Actively optimize production processes and streamline non-essential expenditures, enhance resource utilization efficiency, optimize capital deployment, accelerate accounts receivable collection, and improve cash flow. | None                          |

|   |                 |  |   |  |      |
|---|-----------------|--|---|--|------|
| Klean Air Enterprise LTD                      | TW\$<br>138,046 | The Company established a holding company in order to expand into the Vietnamese market and facilitate production specialization. Since the year 2002, it has invested in Kuen Ling Machinery Refrigerating (Vietnam) Co., Ltd. to manufacture and sell products such as chiller units. In 2017, the Company further expanded its presence in Southeast Asia by investing in PT. Kuen Ling Indonesia | Vietnam's economy has maintained steady growth; therefore, Kuen Ling Machinery Refrigerating (Vietnam) Co., Ltd. recorded a net profit of NT\$11,907 thousand in 2025. PT. Kuen Ling Indonesia recorded a net profit of NT\$31 thousand in 2025. (Note 2) | None   | None |
| Kuenling Air Conditioning (Thailand) Co.,Ltd. | TW\$<br>9,440   | Based on the Company's need to expand its market and production capacity in Thailand,  | The subsidiary is in its early stages of establishment and its operations are not yet fully integrated. Once operations proceed smoothly, the Company will recognize a net loss of NT\$213 thousand in year 2025.   | Will continue to invest resources to build a complete sales process and adjust its product mix to adapt to changes in market demand in Thailand. | None |

Note 1: The amount of annual investment exceeds 5% of the paid-in capital in 2025.

Note 2: On March 12, 2024, the Board of Directors and Shareholders' Meeting of KLEAN AIR ENTERPRISE LTD. resolved to terminate the business operations of its invested company, PT. KUENLING Indonesia. The related procedures are currently underway.

**VI. Evaluation Items of Risk Management Analysis:****(I) Impact of interest rate and exchange rate changes and inflation on the Company's profit and future countermeasures****1. Impact on the Company's profit:****A. Interest rate change:**

Unit: NT\$ thousand

| Item                    | 2024      | 2025      |
|-------------------------|-----------|-----------|
| Net interest income (A) | (3,296)   | 653       |
| Operating revenue (B)   | 3,649,379 | 3,067,339 |
| Profit before tax (C)   | 407,839   | 321,915   |
| A/B(%)                  | -0.09%    | 0.02%     |
| A/C(%)                  | -0.81%    | 0.20%     |

The Group's interest rate risk mainly arises from long-term borrowings (including current portions of long-term liabilities due within one year or one operating cycle) with floating interest rates, exposing the Group to cash flow interest rate risk. However, the Company does not face any significant cash flow or fair value interest rate risk.

**B. Exchange rate change:**

Unit: NT\$ thousand

| Item                  | 2024      | 2025      |
|-----------------------|-----------|-----------|
| Net exchange gain (A) | 4,780     | (3,366)   |
| Operating revenue (B) | 3,649,379 | 3,067,339 |
| Profit before tax (C) | 407,839   | 321,915   |
| A/B(%)                | 0.13%     | -0.11%    |
| A/C(%)                | 1.17%     | -1.05%    |

B-1. The Company's payables generated from product procurement and service requirements, except for a few specific projects, are denominated in New Taiwan Dollars (NTD), while some are denominated in US Dollars (USD). As a result, the Company's revenue and profitability are still moderately affected by exchange rate fluctuations.

B-2. In order to prevent the excessive fluctuation of exchange rate in the future from eroding the Company's profits, the Company will strengthen the control of exchange risk and take the following specific measures:

B-2-1. The Group will adopt the A/R and A/P balance strategy to reduce exchange rate risk.

B-2-2. The Group constantly gathers information on exchange rate fluctuations to monitor the currency market trends. It also conducts cash flow forecasts and implements appropriate hedging policies and methods to manage the supply and demand of foreign currencies. The Group engages in timely buying and selling activities to adjust and reduce the impact of exchange rate losses caused by the appreciation of the New Taiwan Dollar. These measures are implemented to minimize the impact on the core business operations.

### **C. Inflation:**

In 2026, the Company faces extremely severe external cost shocks: US-Iran military tensions have led to logistical constraints in the Strait of Hormuz, exacerbating global inflation and raw material supply pressures. Coupled with policy uncertainties in the US, China, and Europe, the prices of major raw materials such as copper and steel have already risen significantly. The Group needs to immediately conduct stress tests on its procurement strategy and strengthen supply chain resilience to cope with increasingly stringent cost challenges. Furthermore, it will formulate the most suitable procurement strategy based on operational needs, review it irregularly, and collect relevant information to provide management with reference for decision-making.

### **(II) Policies on high-risk and high-leverage investments, loans to external parties, endorsements/guarantees and derivative trading, the main causes of profit or loss incurred and future countermeasures:**

1. The Group's investment and financial management has always been moderate and conservative, and has not engaged in high-risk and high-leverage investments.
2. The Group's capital lending to others in 2025:  
In accordance with the provisions of the Group's procedures for lending funds to others, the amount of loans to a single legal person or group shall not exceed 10% of the Group's net value; the total amount of funds loaned to others shall not exceed 40% of the Group's net value, with an upper limit of NT\$718,126.  
As of December 31, 2025, the Group's amount of loans to others was NT\$0.
3. Endorsements and guarantees of the Group in 2025:  
According to the provisions of the Group's operating procedures for endorsements and guarantees, the amount of endorsements and guarantees for a single enterprise shall not exceed 30% of the Group's current net value, and the total amount of endorsements shall not exceed 40% of the Group's current net value; the upper limit of endorsements and guarantees is NT\$718,126.  
As of December 31, 2025, the Group's amount of endorsements and guarantees was NT\$0.
4. The Group's derivative trading in 2025:  
The Group has formulated the "Procedures for Derivative Trading", and is mainly engaged in foreign currency exchange rate hedging and not in speculative transactions. Because of the hedging nature, there will not be a significant impact.  
The Group has not engaged in derivative trading as of December 31, 2025.

**(III) Future R&D plan and expected R&D costs**

| Plan for the most recent year   | Current progress  | Period of investment | R&D expenses to be further invested (Note) | Completion time of mass production | Main factors influencing the success of future R&D   |
|---|---|----------------------|--|------------------------------------|--|
| Integration and demonstration of innovative ice making and ice melting air conditioning system technology | Proposal for MOEAEA Industrial Energy Technology Program is in progress | 2025~2027            | NT\$22 million                             | 2027                               | This research and development is cooperated with Horng Shih Jun Yuan Energytech Eng. Co., Ltd. and transferring relevant research patents from National Taiwan University to achieve low risk and high success rate guarantee.<br>(Affecting the initial sales of traditional ice storage tanks) |

Note: It is estimated that NT\$11 million will be invested in R&D in the next year.

**(IV) The impact of important domestic and foreign policies and legal changes on the Company's financial status in the most recent year and countermeasures:**

All businesses of the Group are carried out in accordance with the laws and regulations of the competent authority, and the development trend of important policies and laws at home and abroad and changes in laws are noted at all times to fully grasp and respond to changes in the market environment. Therefore, the changes in important policies and laws at home and abroad in the recent year have no significant impact on the financial status and business performance of the Company. In the future, the Company will collect relevant information about important domestic and foreign policies, and changes in laws and regulations of the competent authority at any time to provide it as a reference for the decision-making of the management level, and cooperate in the implementation and response in order to adjust the relevant operational decisions of the Company.

**(V) The impact of technological changes (including information and communications security risks) and industry changes on the Company's financial operations over the past year and the measures taken in response:**

1. Changes in technology and industry risks:

The technology industry has changed rapidly, but in the industry in which the Group is located, the changes in technology and industry will not affect the financial status and business performance of the Company in the foreseeable future.

2. Response to changes in technology and industry:

Observe the product evolution trend and maintain good interaction with clients at any time, grasp the real needs of customers and the market, and expand the international market; research and innovate deep cultivation technology, strengthen quality improvement and professional technical services, follow the industry trend, and develop new products to implement the sustainable operation and growth of the Company.

3. Please refer to page 129 for details on information security risks.

**(VI) Impact of corporate image change in the most recent year on corporate crisis management and countermeasures:**

1. The Group has always adhered to the business philosophy of "integrity", "innovation", "service" and "care".

2. The Group's corporate image is based on honesty and pragmatism. So far, there has been no major change in the corporate image that has caused a crisis.

3. The Group will also continue to implement various corporate governance requirements, timely consult experts, prevent risks and strengthen corporate crisis management awareness.

**(VII) Expected benefits and possible risks of merger and acquisition:**

There was no merger and acquisition plan for the most recent year and as of March 31, 2026, so it is not applicable.

**(VIII) Expected benefits and possible risks of plant expansion:**

There was no plant expansion plan for the most recent year and as of March 31, 2026, so it is not applicable.

**(IX) Risks of centralized procurement or sales:**

1. Procurement: Since the Group's revenue has grown steadily, and the raw materials and materials purchased can be sourced from multiple suppliers in the market, the Company and suppliers have established a good and close relationship and adopted long-term contracts, so the risk associated with concentrated purchasing is expected to be minimal

2. Sales: The Company actively pursues the development of new ODM customers and promotes its own brand in order to maintain stable order volumes, ensure the security of accounts receivable, and sustain sales market growth. The sales policy

of the Company focuses on maintaining good cooperative relationships with existing ODM customers while actively seeking ODM orders from other reputable central air conditioning manufacturers that have not yet been collaborated with. ODM orders from central air conditioning manufacturers typically involve larger quantities compared to general refrigeration and air conditioning engineering companies. These orders also provide a stable source of business and offer opportunities to tap into new sales channels. Therefore, the Company has chosen to focus on cultivating ODM customers as a direction for expanding its business. Additionally, the Company aims to penetrate specialized industries with higher technological requirements, such as special industrial air conditioning and process clients to diversify its sales customer base and spread the risk of customer concentration.

**(X) Impact and risks on the Company from the substantial transfer or exchange of shares by directors, supervisors or major shareholders holding more than 10% of the Company's shares: None.**

**(XI) Impact and risk of the change of management right on the Company:**

In the most recent year and up to the printing date of the annual report: None.

**(XII) Litigation or non-litigation events in the most recent year and as of March 31, 2026:**

1. Litigation or non-litigation events: None.
2. The Company's directors, supervisors, general manager, substantive responsible persons, major shareholders with shareholdings ratio of more than 10% or affiliated companies which have been adjudicated or are still in the process of major litigation, non-litigation or administrative disputes, and the results may have a significant impact on shareholders' equity or securities prices should disclose the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the principal parties involved in the litigation and the disposition of the case as of the date of printing of the annual report: None.

**(XIII) Other important risks and countermeasures:**

(I) Risk control mechanism:

1. Although the Group has not established a risk management organization, it requires risk control and implementation of self-management by all staff and in all aspects; mutual monitoring rather than control by a single person' is adopted, and each department is required to carry out the first level of control well. The management and advocacy of important risks are also strengthened. The risk control of the Group is divided into three levels (mechanisms): the sponsor or the undertaker is the first mechanism, which must be responsible for the investigation, design and prevention of the initial risk detection, evaluation and management of the operation. The

second mechanism is the business meeting or policy management presided over by the General Manager's Office. In addition to the feasibility evaluation, it is also in charge of the evaluation of various risks. The third mechanism is the review by the meeting of directors and supervisors. The audit personnel completed all audit tasks for the year ended 2025. The audit results indicated that the internal control design and execution were effective, and all environmental indicators were maintained at a low-risk level.

2. The Company's important risk assessment will be reviewed by the General Manager's Office, and will be submitted to the Board of Directors for review when necessary to carry out risk detection, evaluation and prevention recommendations. If there is any possible immediate risk found in normal times, it can also be immediately reported to the superior for proper prevention. For extremely important matters such as investment management and project bidding, each case is subject to joint review or supervision and regular tracking.
3. At the end of each year, key company-wide policies will be put forward as the basis for decision-making, work and planning of the next year, and will be included in project management for quarterly review and tracking.

(II) Information security risk:

To enhance information security management and ensure the confidentiality, integrity, and availability of information, as well as the reliability of information equipment and network systems, our company has established controls for information security checks as guidelines for managing information security risks within the company's regulations. Simultaneously, following the information security risk management framework, we have implemented intrusion defense systems, email spam filters, endpoint antivirus systems, and other security measures to gradually improve information security protection. We also conduct periodic drills for data backup systems and disaster recovery mechanisms to ensure data accuracy.

As of the printing date of the Company's annual report, we have not experienced any significant cyber-attacks or information security incidents in 2025.

**VII. Other important matters: None.**

## Six. Special Disclosure:

### I. Information of affiliated companies in the most recent year:

#### (I) Consolidated financial statements of affiliated enterprises:

The relevant information has been disclosed on the Market Observation Post System (MOPS). The inquiry path is as follows:

MOPS > Individual Company > Electronic Document Download > Affiliated Enterprises Reports Section

(URL:[https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10))

#### (II) Consolidated report of affiliated enterprises:

The companies required to be included in the Company's affiliated enterprises consolidated financial statements are the same as those included in the parent and subsidiary consolidated financial statements in accordance with IFRS 10. The relevant disclosures required for affiliated enterprises have already been fully presented in the aforementioned consolidated financial statements. Therefore, no separate consolidated financial statements have been prepared.

#### (III) Business report of subsidiaries: None

### II. Private placement of securities in the most recent year and up to the printing of the annual report: None

### III. Other supplementary information: None

**Seven. During 2025 and up to the publication date of this annual report, any event which significantly affects shareholders' equity or share price pursuant to Article 36-3-2 of the Securities and Exchange Act (including the events under Article 11-1 of the Procedures of TPEX for Verification and Disclosure of Material Information of TPEX Listed Companies, and the press conferences on material information): None**